



Daily Report

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Daily Report

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General

Commentary Urges Attention to Uruguay Round Talks

HK1208153393 Beijing GUOJI SHANGBAO in Chinese
24 Jul 93 p 1

[“Short commentary” by staff commentator: “Follow Closely the Progress of the Uruguay Round of Trade Talks”]

[Text] On 14 July, the GATT Trade Talks Committee decided to resume the Uruguay Round of talks, that is, the Eighth Round of Global Multilateral Trade Talks, and also decided to hold a meeting on 28 July to work out plans for further talks with the hope of reaching an agreement before 15 December. We should closely follow the progress of these talks.

The Uruguay Round of talks began in September 1986. Because of serious differences between the United States, Europe, and Japan in the concluding stages of the original plan, the talks were held off and on and came to a deadlock by the end of 1990. To date, the talks have been dragging on for seven years and no agreement has been reached. On 7 July, the trade ministers of the four sides in the talks—the United States, Canada, Japan, and the European Community—reached a package agreement on market access before the opening of the G-7 Tokyo Summit. The agreement stipulated the abolishing of tariffs on pharmaceuticals, building machines, medical equipment, iron, steel, beer, furniture, agricultural machines, and distilled alcoholic drink such as whisky and the reduction of the tariffs on some other products by 30 to 50 percent. This important achievement broke the deadlock in the Uruguay Round of talks and immediately remotivated the talks. New GATT Director General Sutherland and heads of the G-7 expressed the hope of winding up the Uruguay Round of talks by the end of the year.

The Uruguay Round of talks are the most extensive, thorough, complicated, and enormous global multilateral trade talks held since the establishment of the GATT more than 40 years ago. What is discussed at the talks includes 15 topics on trading of goods and services, trading of commodities, investment, providing services, intellectual property rights, and so on. If an agreement is eventually reached, over 100 signatory parties of the GATT will further lower tariffs, reduce or remove various nontariff barriers, further open up their markets, and promote free world trade. This will have a tremendous and far-reaching impact on the development of the world economy and trade.

Of course, the market access agreement reached by the United States, Canada, the European Community, and Japan has led to substantive progress in removing tariff barriers of trading in manufactured goods but no breakthrough has been made in nontariff barriers of trading in agricultural produce, services, and trading in manufactured goods. Conflicts between major Western trading

countries are still very serious and it is difficult to tell whether or not the Uruguay Round of talks can be concluded by the end of the year. However, the remotivation of the Uruguay Round of talks and each new progress made in the talks are closely related to China and deserve our keenest attention.

China's direct participation in the Uruguay Round of talks will entitle it to rights and interests to be stipulated in the final agreement of the Uruguay Round of talks and China will also fulfill duties stipulated in the agreement. China is striving to restore its status as a GATT signatory state at the earliest date and is continuously deepening reforms of the economic structure, including reform of the foreign trade structure, establishing a socialist market economy structure, and gradually moving toward the commonly acknowledged rules for international trade embodied in the GATT. In the past few years, China has taken great steps forward in this respect but much arduous work is still needed. The progress and result of the Uruguay Round of talks will further perfect and develop the GATT, set a higher demand on China's reentry into GATT, and provide new opportunity for China's economic development. We should follow closely and analyze the various situations and results in the development of the Uruguay Round of talks and study their trends of development and impact, especially the opportunities they will provide for China, the new problems resulting from them, and formulate correct policies so that China's economic construction and foreign trade will have new opportunities and development in the new international market environment.

United States & Canada

Editorial Criticizes U.S. Role in Somalia, Balkans

HK1308135193 Hong Kong WEN WEI PO in Chinese
13 Aug 93 p 2

[Editorial: “Gunshots in Somalia Are Satire on U.S. ‘Human Rights’”]

[Text] Several days ago, a truck full of U.S. troops was ambushed by Aidid gunmen in Somalia and four U.S. soldiers were killed. The White House asserted that it would take strong retaliatory action. Everyone thought that the U.S. troops would only launch attacks on the armed guerrillas and never anticipated that they would give vent to their anger by attacking unarmed civilians. Yesterday, they fired at people holding a peaceful demonstration in the streets of Mogadishu, resulting in bloodshed.

If the U.S. troops continue to open fire at the Somalis with a political excuse and forbid the Somalis to make protests against foreign troops massacring local people, they will further arouse Somalian anti-U.S. feelings and will certainly get bogged down in another Vietnam quagmire.

In the Balkans, the United States has also held high the banner of "protecting human rights," ready to dispatch airplanes to bomb the Serb troops and become militarily involved in the Balkan situation. Any armed intervention in the sharp Balkan national conflicts will only make the issue even more complicated and prolong the civil war. If the U.S. troops bomb the Serb troops, a possible reaction will be attacks on the European peacekeeping troops giving rise to confrontation between European countries and Serbia. The present chaotic situation in the Balkans is related to the idea of racial self-determination independence advocated by the United States and other Western powers. Once fanatical racism is incited, various races will contend for space for survival and compete in changing the post-war boundaries. A cruel situation wherein the weak are the prey of the strong will emerge. At present, the big powers think that the splitting situation is ripe for the division of the sphere of influence and have decided to consolidate the present situation. However, nobody can determine the principle for this way of dividing the sphere of influence. This is nothing but an acknowledgement of the status quo of new boundaries under military control. The one which has seized the greater area has pushed its boundary forward. Boundaries formed in this way are based on strength. In future, the one who increases its military strength can demand for a change in the status quo. The bombing move is only a prelude to the involvement of foreign powers in the Balkans. The presence of foreign powers and their protection will make the Muslim troops feel secure in the knowledge that they have strong backing and they will launch offensives taking advantage of the withdrawal of the Serbian troops. This will initiate an even more comprehensive war. In the war environment, large numbers of peaceful residents have been slaughtered and have no water supplies. Their families have been broken up, some have gone away, and some are dead. There are no human rights of which to speak. Only if the various sides exercise restraint and the international forces, instead of advocating a solution involving armed strength, advocate negotiations, talks, and mutual concessions, will there be hope for a relaxation in the situation. If even the peacemakers make military moves, they will lose their neutral status and will do nothing toward solving the problem and will only reduce the room for maneuver in the peace talks.

The United States has advertised itself as an international military policeman, flaunted the banner of human rights everywhere, and alleged it will uphold justice. However, it actually tries to solve problems using armed forces at every turn and manipulates, from a position of strength, the direction of actions by the UN peacekeeping troops. Time will prove that the United States does not really respect human rights and that it has double standards. It speaks about human rights when things conform with its strategic and political interests and puts human rights aside if things conflict with these interests. This is precisely why the United States can

interfere and involve itself in the affairs of other countries everywhere, give orders to any international organization, order people about by gesture, and take the jobs of others into its own hands. The United States ignored human rights, sent troops to Panama, and kidnapped the president of the country; sent troops to Grenada to change the political power; and forbade the Somalis to stage demonstrations and suppressed them with guns. The higher the United States hoists the banner of "human rights," the easier it is for the people of the world to discover that the name falls short of the reality. The United States has garrisoned troops everywhere in the world and has trampled on and ignored human rights in other countries. Besides, such actions will also cost more innocent lives of U.S. troops. What is strange is that some politicians in the U.S. Senate and the House of Representatives talk glibly about "human rights" in the form of resolutions and letters to the International Olympics Committee, unreasonably urging the committee to submit to their wish of not allowing China to host the Olympic Games in 2000. If the U.S. politicians look squarely at what the U.S. troops have done in Somalia, they will understand that the United States has no right to talk such rubbish.

Jiang Meets U.S. Official, Urges More Exchanges

OW1308083393 Beijing XINHUA in English 0816
GMT 13 Aug 93

[Text] Beijing, August 13 (XINHUA)—Chinese President Jiang Zemin said here today that China and the United States should encourage more exchanges of visits to promote mutual understanding and clear up misunderstanding.

Jiang made the remarks when meeting with Gary Ackerman, chairman of the Subcommittee on Asia and Pacific Affairs of the Foreign Affairs Committee of the U.S. House of Representatives, this morning in Zhongnanhai, headquarters of the Chinese Communist Party.

Jiang greeted Ackerman's visit and said he hoped more U.S. friends would have opportunities to visit China.

Having a first-hand knowledge of China's practical situation and prospects for development will be beneficial to promoting the smooth development of bilateral relations, the Chinese president said.

Ackerman is on his first China visit, invited by the Commission of Foreign Affairs under the National People's Congress. He said that he felt very excited to see the high-speed growth of the Chinese economy during his stay here.

"Seeing is believing", Ackerman said, and if more people from the United States are able to visit China and have the chance to make direct contact with Chinese people, they will have a better knowledge about China.

On Sino-U.S. relations, Jiang said that three joint communiques have laid down the most fundamental principles guiding ties between the two countries and provided guarantees for a healthy development of Sino-U.S. relationship.

The president said Sino-U.S. relations will develop smoothly if the three joint communiques are well observed.

When talking about issues concerning the Asia and Pacific region, the Chinese president said, China has always been concerned about and attached much importance to the peace and development of the region.

China is and will continue to be an active force in maintaining the peace in the Asia and Pacific region as well as in the world, Jiang said, and "we are willing to make further efforts together with other countries in safeguarding the peace and stability in Asia and Pacific region."

During the friendly and frank talks, the two also exchanged views on world and other regional issues of common interest.

AT&T Chairman's Visit, Remarks Reported

Urge Change in U.S. Trade Policy

OW1208203793 Beijing XINHUA in English 1423
GMT 12 Aug 93

[Text] Beijing, August 12 (XINHUA)—A leading U.S. industrialist has called on his government to review its policies concerning trade with China.

Robert Allen, chairman of AT&T, the biggest telecommunications enterprise in the United States, told a press conference here today: "It is clear that the U.S. Government should review the regulations that are hindering the efforts of American companies—including AT&T—to compete in China and in other markets around the world."

"We recognize that this is a complex issue and that U.S. policy must take into account legitimate concerns for national security as well as commercial interests," he said.

"But COCOM and export control regulations represent an area in which U.S. policies have not kept pace with the changing technological and geopolitical realities," he explained.

However, he said, "We believe more progress can be made if the issue is given the priority it deserves."

Allen is in China to attend a Sino-American exhibition of the latest high-tech telecommunications products, which is scheduled to open tomorrow.

In his meetings with Chinese officials and during his travels in southern China Allen said that he had the impression that China is moving rapidly into a new economic environment.

"Chinese leaders are trying to address the problem of an overheating economy," he said. "And the Chinese Government has recognized the need to bring the rate of expansion down to a level that is sustainable over the longer term."

He added, "the leaders seem convinced that the way to achieve a healthy long-term growth is through continuing the process of market-oriented reforms. I have a clear impression that telecommunications ranks high among this nation's priorities. And despite the austerity measures designed to bring inflation down, I was assured that telecommunications projects will go ahead as planned," he said.

Meets Jiang Zemin

OW1308080393 Beijing XINHUA in English 0717
GMT 13 Aug 93

[Text] Beijing, August 13 (XINHUA)—Chinese President Jiang Zemin met here today with Robert Allen, chairman of AT&T, the biggest telecommunications enterprise in the United States.

Expressing his appreciation for AT&T's long-term and overall cooperation with China in the field of telecommunications, Jiang said that such efforts are beneficial to promoting bilateral cooperation in economy and technology.

Much impressed by his first China tour, Allen said that his company and China should be strong partners forever.

The AT&T chairman, who arrived here August 8 at the invitation of the State Planning Commission, attended a Sino-American exhibition of the latest high-tech telecommunications products, which was opened after the meeting.

Chen Jinhua, minister in charge of the State Planning Commission, was also present at the meeting.

Northeast Asia

Delegation From DPRK's North Hamgyong Visits Jilin

SK1308091993 Changchun JILIN RIBAO in Chinese
20 Jul 93 p 1

[Text] At the invitation of Jilin Province, a six-member delegation of North Hamgyong Province of the DPRK, headed by Paek Hwa-yong, vice chairman of the provincial administrative and economic guidance committee, arrived in Changchun by train on 18 July to start its friendly visit to Jilin Province. Gao Yan, governor of the Jilin provincial government, cordially met with the delegation at Nanhu Guesthouse on the same evening. Governor Gao Yan also introduced to the delegation the province's situation in improving the material and spiritual civilizations under the guidelines of the 14th party congress and urged the strengthening of the friendship between China and the DPRK.

opening various channels to develop economic and trade contacts, border trade, tourist trade, and trade between two nations, and promoting common prosperity and development. Delegation head Paek Hwanyong expressed thanks to Governor Gao Yan for his warm reception and fully agreed with Governor Gao Yan. He also pledged that North Hamgyong Province would certainly strengthen economic cooperation and trade contacts with Jilin Province and make efforts to help the two provinces promote the economic leap and improve their peoples' living conditions. Responsible persons of the provincial foreign affairs office and some departments concerned were present at the meeting. After visiting Changchun, the delegation will visit Siping, Liaoyuan, Jilin, and Yanbian.

Southeast Asia & Pacific

'Excerpts' of Qian Qichen's Singapore Speech

OW1308083993 Beijing BEIJING REVIEW in English
No 32, 9-15 Aug 93 pp 8-9

[“Excerpts” from a speech by Vice Premier and Foreign Minister Qian Qichen at the Foreign Correspondents’ Association in Singapore on 24 July]

[Text] China Ready To Take Part in Asian Security Dialogues

The relations between China and Singapore have enjoyed a smooth development. In the first half of this year, Prime Minister Goh Chok Tong, Senior Minister Lee Kuan Yew, Ong Teng Cheong and other Singapore leaders have visited China on many occasions. Soon, Chairman Qiao Shi of the Standing Committee of China’s National People’s Congress will visit Singapore. The frequent exchange of visits between leaders of our two countries has given fresh impetus to the development of Sino-Singapore relations. The most salient feature of this relationship is that economic and trade cooperation, having developed steadily, is now entering a new stage. With the support of the Singapore government, some large Singapore companies and enterprises are actively exploring with the relevant departments in China cooperation schemes to be carried out at higher levels and in new ways. We appreciate such efforts. I believe that with the joint efforts, results satisfactory to both sides will surely be achieved.

Similarly, China’s relations with other countries of the Association of Southeast Asian Nations (ASEAN) have also made rapid progress. China and the ASEAN share extensive common understanding on the establishment of a new international political and economic order, democracy and human rights, environmental protection, Cambodia and the Korean Peninsula and other important international and regional issues.

Recently, there has been an avalanche of news reports and comments in the world about China’s economic situation. This is because, first and foremost, China’s

economy, through the reform and opening-up of the past ten years and more, has entered a new stage of high growth. In the past decade and more, China’s GNP grew at an average annual rate of over 9 percent, and last year it reached 12.8 percent. The first half of this year witnessed the same high growth rate. As the economy developed, the living standards of the people in both urban and rural areas have improved markedly. At present, China enjoys political stability, social tranquility and a thriving economy, and its huge market potential is being constantly tapped, presenting an ever increasing appeal to the outside world.

In the meantime, people are expressing concerns over the problems in China’s economy in the course of high growth. At present, China’s economy is in a transition from a planned economy to a socialist market economy. When the economy is running at high gear, problems are hardly avoidable. They are manifested mainly in the disorder in financial management, excessive increase in fixed assets investment, and some “bottlenecks” such as acute shortages of transportation facilities and energy supply. We believe that the fundamental solution to the current contradictions and problems lies in deepening reform rather than introducing an all-round retrenchment. In order to expedite the establishment of a socialist market economy, we have taken a series of important steps, the purpose of which is to strengthen macro-economic control, optimize industrial structures, improve efficiency and prevent overheating. We are confident that we can achieve a steady, coordinated and sustainable high growth in our country.

Some people say these days that China has already become “the third largest economy in the world.”

This does not square with reality. Indeed, China’s economy has made considerable strides and reached a certain scale. However owing to the big population base the relative scarcity of natural resources, the low levels of urbanization and industrialization of the countryside, the gap between urban and rural areas and between the coast and the hinterland and other reasons, China is still a developing country, whether one measures it by value or by actual product often used in comparing countries; or whether one judges it by its level of economic development or the state of its science, technology, society, culture, environment, etc. If calculated in terms of its per-capita income China will be among the low income countries. We are very clear that for China to catch up with the medium developed countries we will have to put up decades or even generations of relentless hard work.

Against the backdrop of a volatile international scene and a world economic slump, Asia enjoys a relative stability and steady economic growth. The Asia-Pacific countries and their people should cherish this historical opportunity, strengthen their cooperation, maintain peace and stability and promote common development. We have taken note that many countries in the region are working to expand economic cooperation within the

region. In addition to the Asia-Pacific Economic Cooperation (APEC), the ASEAN has set up a free trade area, and is seriously studying the possibility of setting up an East Asian Economic Caucus. We are ready to maintain close contacts and consultations with the ASEAN countries in a joint effort to promote economic cooperation in the region. Needless to say, this cooperation should not be exclusive and should serve, in our view, greater multi-directional flow of exchanges and economic cooperation around the globe.

We have also noted that a number of countries have put forward some proposals and floated some thoughts on the issue of Asian security cooperation and establishment of certain security mechanisms. The positions of the Chinese government are as follows: All Asian countries should treat each other as equals and live together in amity on the basis of the Five Principles of Peaceful Coexistence. No country shall seek hegemony or spheres of influence, nor shall it organize and join any military bloc directed against other countries or interfere in the internal affairs of other countries. Disarmament and arms control should be carried out in a fair and reasonable manner, and efforts should be made to stamp out arms race and prevent nuclear proliferation. Territorial disputes, border disputes as well as other disputes between Asian countries should be settled peacefully through negotiations in accordance with relevant international conventions without resorting to force or threat of force. As for security cooperation, in our view, we may start off with bilateral and regional security dialogues of various forms, at different levels and through various channels in response to the diversity of the region. Through such dialogues and consultations, we may improve our communication and confidence in one another. China will actively participate in these dialogues and consultations.

In passing, I would like to say a few words about the so-called "China threat." In today's world, there is indeed a stark reality of the big and strong threatening and bullying the small and weak. But can anyone therefore conclude that a big country will for sure pose a threat to the small and weak countries, or to other countries at all? The modern history of China was written in blood and tears as the nation was subjected to untold sufferings under the aggression, suppression, bullying and humiliation of imperialism and colonialism. Confucius said, "Do not do to others what you do not like to be done to you." As a country having regained its independence and sovereignty, China does not, and will not, impose hegemony and power politics on others and will not threaten or bully any one. The Chinese Government has all along pursued an independent foreign policy of peace. We stand for mutual respect, noninterference in each other's internal affairs and peaceful coexistence among all countries. All countries, big or small, rich or poor, strong or weak, have the same right

to participate in international affairs as equals. We strongly call for the establishment of a new international order on the basis of these principles. Whether now or in the future, China will be a force working to preserve peace in Asia and the world at large. We are willing to join other countries in working energetically to maintain peace and security in Asia and the world.

Chen Xitong Meets Malaysian Olympic Committee Member

*OW1308064693 Beijing XINHUA in English 0130
GMT 13 Aug 93*

[Text] Beijing, August 13 (XINHUA)—Tan Sri Hamzah Bin Haji Abu Samah, visiting Malaysian member of the International Olympic Committee, said China has met the requirements for hosting the Olympic Games.

In a meeting late on Thursday [12 August] with Chen Xitong, president of the Beijing 2000 Olympic Games Bid Committee, he wished Beijing success in its bid for the 2000 Olympics.

Chen said Beijing would provide most convenient conditions for the athletes should it win the bid.

Thai Official: Narcotics Hotline 'Successful'

*OW1308112193 Beijing XINHUA in English 1013
GMT 13 Aug 93*

[Text] Bangkok, August 13 (XINHUA)—The exchange of information on narcotics suppression between Thailand and China has been successful since the two countries opened a direct hotline on May 24, said a senior Thai anti-narcotics officer.

Commissioner of Thailand's Narcotics Suppression Bureau Kovid Bhakdibhumi told local reporters here Thursday [12 August] that narcotics smugglers from the Golden Triangle now use parts of China's southern province of Yunnan as their supply routes.

The Golden Triangle covers border areas of Myanmar [Burma], Laos and Thailand, which is the one of the biggest sources of drug production in the world.

For the last two years, he said, China had problems in narcotics control and had to move quickly to stem addiction, and an extensive crackdown by the Thai Government had caused smugglers to change their supply routes to China.

China asked Thailand to help with case studies of three smugglers on the Sino-Myanmar border who also appeared on the wanted list of the United States' Drug Enforcement Agency and Thailand was responding positively to the requests, he said.

Between January and August this year, the Thai police had seized more than 700 kilograms of heroin.

Political & Social**Central Leaders Meet on Economy in Beidaihe**
HK1308100793 Hong Kong HSIANG KANG SHANG
PAO in Chinese 13 Aug 93 p 1

[“Special dispatch” from Qinhuangdao by staff reporter: “Central Leaders Gather at Beidaihe To Discuss Economic and Financial Rectification”]

[Text] Senior central leaders have gathered at Beidaihe in recent days. According to informed sources, ongoing economic and financial rectification will be the main topic of discussion at the current gathering, which will be attended by Zhu Rongji and other high-level figures. It has been learned that, in the course of rectifying the financial order, the central authorities will introduce measures to reform and readjust financial institutions comprehensively. The principal reform and readjustment measures to be introduced are as follows: The central bank should become a unified institution with the right to issue paper money and it will chiefly apply open market operations, such as reserve funds, discount rates, and readjustment of money supplies, to ensure that currency volume is suited to the general price level and the need of economic growth.

The work to be done in the near future includes:

1. Keep the gate of credit scale and money supply under control and apply administrative and economic sanctions against financial institutions which violate discipline, up to the suspension of operations and the revocation of business licenses.
2. On the basis of carrying out a unified interest rates policy and stipulating the central bank's base interest rates, specialized banks and other financial institutions will be given certain rights to conduct activities in terms of interest rates. However, those which violate the regulations should be punished effectively.
3. Step up management over inter-bank loans and apply a strict proportionate management method. The practice of using inter-bank loans to engage in fixed assets investment, real estate, and stock business is strictly prohibited.
4. It is necessary to strictly manage nonfinancial institutions and efforts should be made to work out regulations regarding the management of nonfinancial institutions as well as detailed rules and regulations for implementation as quickly as possible.
5. The branch offices of the central bank in various localities should discard the practice of setting up branches according to the original administrative divisions. They should be set up according to the degree of economic development in order to reduce the dependence of banks on local administration and to help the establishment of a large, unified, flexible financial market. Due to the objective existence of official prices and swap prices in foreign exchange, there is a need for

vigorous bank involvement in the operations. The measures to be adopted include: 1) to fix the ceiling price between renminbi and foreign currencies; 2) franchised specialized banks in foreign exchange will enter market operations and buy and sell foreign exchange at the right moment to stabilize the supply of foreign currencies and control the general level of foreign exchange prices; 3) to reconsider continued unified operations of state foreign exchange by the Bank of China; 4) regarding foreign exchange management, the original practice of quota retention will be changed into spot exchange retention; and 5) the State Administration of Exchange Control should separate government from enterprise functions and, as an administrative management unit, it will not directly or indirectly involve itself in specific operations and business.

Jiang Zemin on Improving Organizational Work

CM1308120093 Beijing XINHUA Domestic Service
Chinese 1332 GMT 12 Aug 93

[Text] Beijing, 12 Aug (XINHUA)—Jiang Zemin, the leader of the Chinese Communist Party, today called for efforts to improve the ideology and work style of leading bodies at all levels.

While addressing a forum attended by delegates to a national conference on organizational work, Jiang said that the successful management of affairs in China depends, in the final analysis, on the building of the party and the party's leadership.

“So long as our party is strong and efficient, and its members are united and consolidated and act in unison, our socialist cause with Chinese characteristics will certainly have a bright future,” said Jiang, general secretary of the party Central Committee.

That is the reason Deng Xiaoping since 1979 has repeatedly stressed the importance of adhering to and improving the leadership and of building the party.

That is also the reason Deng pointed out during an inspection tour of south China in 1992 that building the party well is crucial to the success of the party's cause.

Jiang said, “we must understand the reason while studying Deng Xiaoping's theory of building socialism with Chinese characteristics.” He warned against any attempt to relax efforts to build the party.

Hu Jintao, Standing Committee member of the CPC Central Committee Political Bureau, presided over today's meeting. Wei Jianxing, member of the CPC Central Committee Political Bureau and secretary of the Central Commission for Discipline Inspection, attended the meeting. The meeting began with a brief report from Lu Feng, head of the CPC Central Committee's Organization Department, concerning the meeting. Then, Chen Liangyu, deputy secretary of the Shanghai Municipal Party Committee; Liu Mingzu, deputy secretary of the

Guangxi Zhuang Autonomous Regional Party Committee; Sun Wensheng, deputy secretary of the Hunan Provincial Party Committee; Sun Ying, deputy secretary of the Gansu Provincial Party Committee; Jia Jun, deputy secretary of the Work Committee for Central State Organs; and Li Tianwen, secretary of the Shaanxi Province's Weinan Prefectural Party Committee, spoke on how to improve leading bodies' ideology and work style under the new situation.

In accordance with Deng's theory and the party's basic line of considering economic construction as the core task in China, Jiang continued, the goal of China's socialist modernization drive is to firmly keep to that core task, and unswervingly to develop through reform a socialist market economy, a socialist democracy, and socialist ethics, and to build China into a prosperous, powerful, and modern socialist country with a high level of democracy and civilization.

"That is where hope for invigorating the Chinese nation lies and that is also a glorious mission entrusted by the times to Chinese Communists," he told the forum presided over by Hu Jintao, Standing Committee member of the Political Bureau of the party Central Committee.

Jiang said, "the reason that China, while sweeping changes have taken place in the world over the past 15 years, has been able to overcome difficulties, eliminate interference, maintain social and political stability, achieve rapid economic growth, and unswervingly pursue the policy of reform and opening to the outside world is that it has the leadership of a long-tested Marxist party, that its political power is in the hands of the people, and that it can adhere to the basic political and economic systems of socialism."

To improve the building of the party makes it imperative, first of all, to build leading bodies at all levels well, he said. Organizational building constitutes the basis for the building of leading bodies, while ideological and work style organization is essential.

According to Jiang, attention must be paid to three issues in the course of promoting the building of leading bodies.

The first issue is to conscientiously study and master Deng's theory of building socialism with Chinese characteristics, and to try to integrate the approach of emancipating minds with that of seeking truth from facts, subjective efforts with objective circumstances, and revolutionary zeal and the spirit of seeking truth from with a scientific approach.

The general secretary called on members of leading bodies and leading officials to spare time to study the theory of building socialism with Chinese characteristics thoroughly and systematically.

They are also required to comprehend the theory more accurately and more comprehensively, and to use the

theory to guide their actions more conscientiously and to study new circumstances and solve new problems more effectively.

"This is a prerequisite for a strong leading collective and a qualified and competent leading official," Jiang said.

The second issue is to strictly enforce democratic centralism, enhance the concept of taking the overall situation into account, tighten discipline and make sure that the whole party maintains a high level of unison organizationally and in action and that policies and orders of the party and government are implemented to the letter.

"We must always pay attention to displaying the initiative of both central and local authorities," he said.

If overall interests are infringed, local interests will be lost. He asked all localities and departments to safeguard and subordinate their interests to the overall interests of the state, especially in the current course of enhancing macro-economic regulatory controls.

The third issue is to double efforts to build a clean government, resist and oppose corruption, and set a good example in combating corruption.

While acknowledging achievements in improving the work style of the party, building a clean government, and combating corruption in recent years, Jiang also called attention to the seriousness of these problems.

Practice shows that success in rectifying misconduct and combating corruption lies in unifying ideological understanding, implementing specific arrangements very earnestly, starting from what the people resent most, concentrating on solving the most prominent problems in an area or a department, and having a good understanding of the arduousness of the struggle.

General Secretary Jiang called on leading departments at and above the county level to pay close attention to and take concrete measures to promote the building of grass-roots organizations of the party.

These organizations constitute the basis of the party's combat effectiveness and of the party's position as a ruling party. "Only when the basis is firm and reliable," he noted, "will our party as a whole be able to demonstrate powerful combat effectiveness, will its position as a ruling party be as firm as a rock, and will we be able to stand the test of any storms and to push forward the cause of building socialism with Chinese characteristics."

It is an important historical experience and unique political advantage of the party to set up party organizations at grass-roots units and to try to build party's grass-roots organizations into a powerful fighting force that can unite and lead the people in implementing the party's political line, central task, and goal. Jiang stressed the necessity of adhering to this approach at all times.

He hoped that officials of organization departments will conscientiously study Deng Xiaoping's theory of building

socialism with Chinese characteristics, carry forward the party's fine tradition, follow the party's standards for promoting officials, rectify misdeeds in personnel work, and conduct thorough investigations. He urged them to understand the new conditions in time, study the new issues, and sum up new experiences related to organizational work so that they can reach new levels. He said that efforts should be made to turn organizational departments into departments with the strongest party spirit, the best work style, and the most outstanding performance, and become advisers and assistants to party committees in party building and, in particular, organizational work.

Responsible persons of the relevant central departments attending the meeting included: Chen Zuolin, Xue Ju, Wang Weicheng, Song Defu, Zhao Zongnai, Xu Weicheng, Zhou Ziyu, Chen Fujin, Zhang Quanjing, Wu Lianyuan, Li Tielin, Wang Xudong, and Zheng Keyang.

Jiang Zemin Urges Shandong To Work To Rebuild

OW1208155093 Beijing XINHUA in English 1507
GMT 12 Aug 93

[Text] Jinan, August 12 (XINHUA)—Chinese President Jiang Zemin has called on the people of East China's Shandong Province to fight the prevailing severe flood situation and strive to rebuild their homes and restore production and reduce losses.

Thirty-six people died on August 4 and 5 when some 28 counties in Shandong were afflicted by the worst storms and flooding in two decades. According to official statistics, more than 2.1 million people have been left homeless. Nearly 860,000 ha of crops have been affected, and over 10,000 enterprises have been forced to close.

In addition to Jiang, senior Chinese leaders Zhu Rongji, Li Peng and Chen Junsheng expressed their condolences to the flood victims.

On behalf of Jiang Zemin, Li Peng and Zhu Rongji, State Councillor Chen Junsheng have arrived in Shandong to see the flood victims.

Jiang called on all the people in the province to unite their efforts to fight the disaster. Meanwhile, he expressed appreciation for the anti-flood measures taken by the provincial authorities.

The provincial government has dispatched six emergency groups to oversee anti-flood work, and governor Jiang Chunyun halted his overseas tour and returned home to direct the anti-flood efforts.

Now the social order in the devastated areas is reported stable. All the power lines and highways that were damaged by the floods have been restored to normal, and some 67 percent of the affected factories are back in operation.

Zhu Rongji Inspects Jiangsu's Financial Status

HK1308032293 Hong Kong MING PAO in Chinese
12 Aug 93 p 16

[By special correspondent Wu Chi (0702 1142): "Zhu Rongji Heads Delegation to Jiangsu To Study Impact of Credit Squeeze"]

[Text] Zhu Rongji, Chinese State Council vice premier, recently led dozens of State Council ministers and vice ministers on a tour of Jiangsu Province with the aim of discovering the impact of the credit squeeze policy on that province, which accounts for one-tenth of the country's gross national product. Sources from within the province say that it is difficult even in Jiangsu, which has always had a more orderly financial system, to recall before 15 August all the under-the-table loans extended between banks.

As revealed by Jiangsu officials, Zhu Rongji arrived in the province on 28 July. He first arrived in Nanjing, the province's capital city, where he met with all provincial-level officers, except those who were absent performing tour duties, before visiting the cities of Changzhou, Suzhou, and Wuxi and the Zhangjiagang Bonded Area.

Zhu Rongji took with him dozens of ministerial and vice-ministerial officials from the State Planning Commission, the State Commission for Economic and Trade Affairs, the Ministry of Foreign Economic Relations and Trade, the Domestic Trade Ministry, the Ministry of Finance, the State Commission for Restructuring the Economy, the Ministry of Machine-Building, the Ministry of Electronics, the Ministry of Energy Resources, the Ministry of Construction, the Ministry of Communications, the Ministry of Agriculture, the China Light Industrial Council, the China National Textile Council, the People's Bank of China, and other ministries. The group was the largest collective inspection by central-level officials in recent years.

Zhu Rongji was satisfied with Jiangsu's economic development and believed that the province's finance was in good order. He said: "Jiang Zemin, the CPC Central Committee general secretary, wants leading cadres to value investigation and study. Our visit to Jiangsu is an example of such an effort. Jiangsu's industrial and agricultural output ranks highest in the nation, and there has not been any trouble with the nine state-approved open zones. The province has been spending all its capital on key projects; none has been spent on property, real estate, or stock speculation. Irregular financing in Jiangsu has been less serious than in other provinces. All this shows that the Jiangsu Provincial CPC Committee and provincial government have aligned themselves with central economic policies and is the result of the province paying attention to macro regulation and control."

The provincial official cited above said that Zhu Rongji's fact-finding tour was aimed at determining the impact on a province which ranks first nationally in agricultural and industrial output of the central moves to

rectify the financial sector and tighten money supply. The findings will serve as a basis for evaluating the long-term effects of the macro regulatory and control policy.

The official said that 90 percent of Jiangsu's economy currently operates through market regulation; one-quarter of the province's gross domestic product realizes its value on international markets; and the nonstate-owned economy accounts for 60 percent of its gross industrial output. Over 100,000 township and town enterprises are located throughout the province; almost 300 state-owned enterprises are moving toward a joint stock system; and over 80 are engaged in full input-output contracts.

The official also said that Jiangsu still has a capital shortage problem, despite the fact that it has injected most of its capital in manufacturing projects, which explains why it is difficult to curb under-the-table lending between banks. Because this type of lending takes longer to recall and involves enormous amounts of money, a large sum of irregular inter-bank lending will remain uncollected by the 15 August deadline. Many of the province's specialized banks are relying on inter-bank capital transfers to get them through the inspections.

Qiao Shi-Led Delegation Returns to Beijing

OW1308104093 Beijing XINHUA in English 1018
GMT 13 Aug 93

[Text] Beijing, August 13 (XINHUA)—Qiao Shi, chairman of the Standing Committee of the National People's Congress (NPC) of China, arrived here this afternoon by a special plane, after concluding his official goodwill visit to five ASEAN (the Association of Southeast Asian Nations) countries.

Qiao and his party flew here from Kunming, the capital of Yunnan Province, after a brief stop there.

Among those welcoming Qiao and congratulating him on the success of the visit at the Great Hall of the People were Hu Jintao, member of the Standing Committee of the Political Bureau and member of the Secretariat of the Central Committee of the Chinese Communist Party, Tian Jiyun, Wang Hanbin and Lei Jieqiong, vice-chairmen of the NPC Standing Committee, and Li Lanqing, Chinese vice-premier, together with diplomatic envoys from the five ASEAN countries.

Since July 20, Qiao has visited Indonesia, Malaysia, Singapore, Thailand and the Philippines at the invitation of the parliamentary leaders of the five countries.

Qian Qichen Continues Inspection in Guizhou

Stresses Tourism Potential

HK1108060593 Guiyang Guizhou People's Radio Network in Mandarin 2300 GMT 9 Aug 93

[Text] At an exclusive interview with our staff reporter in (Hongshan) Hotel of Anshun City yesterday evening

[9 August], Qian Qichen, member of the CPC Central Committee Political Bureau and vice premier of the State Council, pointed out: The way things are going, a few more years of effort will bring even greater development to all of Guizhou's current projects. The following is a recording of the interview.

[Begin recording] [Li Lan] How do you do, Vice Premier Qian? I am Li Lan, a reporter with the Guizhou People's Radio Network. As a diplomat, you have been to many places around the world and have visited many scenic attractions and famous resorts. Now that you are visiting Guizhou and have seen its scenery, could you please tell us your impressions?

[Qian Qichen] I am a bit ashamed to say that this is my first visit to Guizhou. Because I had never been here before, I did not have much knowledge of the area. I took a good look around and found that Guizhou has many mountains, which contain rich mineral resources, so Guizhou can be called a treasure-house of resources. There are many fantastic peaks, extraordinary caves, and other sites in the mountains, so they also represent rich resources for tourism, making Guizhou a tourist resort.

I must say that Guizhou's tourist industry has made a great deal of progress in recent years. Relatively speaking, however, it did get a late start, so I think the upcoming Huangguoshu tour promotion event will play a major role in developing the province's tourist industry. Its role will be manifold. It will make Guizhou's scenery more famous, and it will help people have a better understanding of Guizhou.

[Words indistinct] seems to make transportation very inconvenient, and it is relatively poor and backward. It nevertheless does have some merit. [Words indistinct] too many mountains, which restrict development in industry and agriculture. The other side of the coin is that these mountains give it rich tourism and mineral resources. With the proper efforts, it is possible to turn the disadvantages into advantages. My impression is that, if the current level of effort is maintained, we will see substantial progress in Guizhou's various undertakings within a few years' time.

[Li] Thank you, Vice Premier Qian. [end recording]

Discusses Economic Regulation

OW1108191093 Beijing XINHUA in English 1518
GMT 11 Aug 93

[Text] Guiyang, August 11 (XINHUA)—Vice-Premier Qian Qichen has stressed the importance of implementing the macro-economic regulatory measures adopted by the central authorities and combating corruption while invigorating China's economy, including expanding the tourism industry.

From August 7 to 11 Qian inspected this capital of Southwest China's Guizhou Province and other places.

With a moderate climate and scenic surroundings, Guizhou has bright prospects for the growth of the tourism industry, he told local officials.

"I think Guizhou has made a good start in developing its tourism industry, which is bringing prosperity to the area and helping local people eliminate poverty and has given an impetus to the growth of the local economy," said Qian, who is also China's foreign minister.

He urged local officials to conscientiously implement the macro-economic regulatory measures adopted recently by the Chinese Communist Party Central Committee and concentrate on solving the "prominent problems" in the current economy.

"While invigorating the economy, we must be clear about what a socialist market economy is," said Qian, who is also a member of the Political Bureau of the party Central Committee.

"In the course of invigorating the economy," he went on, "we must emancipate our minds, and take both bold and quick steps. But we must never indulge in illegality."

According to Qian, a socialist market economy should be improved gradually in the course of practice, while the order of the market economy should be standardized. "Measures must be formulated to rectify anything that stands in the way of the formation of a market economy," he noted.

Moreover, he said, "since the people are enraged at misdeeds and corruption, officials at all levels must, in their economic activities, strictly observe disciplines and set a good example in combating corruption and building a clean government."

Li Lanqing Urges Quicker Educational Reform

OW1308104893 Beijing XINHUA Domestic Service in Chinese 1412 GMT 31 Jul 93

[By RENMIN RIBAO reporter Li Hongwei (2621 1347 0251) and XINHUA reporter Yin Hongzhu (1438 7703 4376)]

[Text] Beijing, 31 Jul (XINHUA) — During a discussion with cadres, teachers, and students of Qinghua University today, Li Lanqing, member of the Political Bureau of the CPC Central Committee and vice premier of the State Council, pointed out: We must further promote educational reform, seriously study the problems arising from educational reform, and seek practical measures to push such reform forward.

After earnestly hearing a briefing on educational reform, students' ideological and political work, the building of a teachers' contingent, and scientific research at Qinghua University, Li Lanqing warmly praised the contributions made by Qinghua University in training a large number of highly qualified personnel for the country. On behalf of the State Council, he expressed cordial greetings to the teachers, students, staff members and workers of the

entire university, as well as his hope that the university would become a model for all other institutions of higher learning in the country in implementing the "Program for China's Educational Reform and Development"; in speeding up educational reform; and in carrying out an all-around exploration in this regard, thereby providing more and better experiences for educational reform in our higher learning institutions.

In his speech, Li Lanqing expressed his views on some of the problems in the implementation of the "program." He said: More and more people now understand the decisive role played by qualified personnel in enhancing the prosperity of a country, and understand that education is of strategic importance to national development. Many comrades hope that our higher education will develop as fast and as much as our economy, and hope that more universities will be established. However, owing to our limited financial resources, we cannot afford to massively increase our investment in education for a short while. Therefore, in our efforts to develop education, while we have to gradually increase our investment, at the same time, we must beef up educational reform and quicken its pace. Presently, in accordance with the requirement set forth in the "program," we have a series of problems that we must study seriously, and we must probe ways of improvement through practice; and, for that purpose, we must work out practical measures and plans for implementation.

Touching on the issue of raising educational funds through various channels, Li Lanqing said: It is necessary to gradually establish a system of educational investment with appropriations from the state treasury as the principal source, and supplemented by sources from levying educational tax, through social donations, as well as with income from school-run enterprises. In recent years, school-run enterprises in various localities have seen greater growth, and they are playing an important part in augmenting educational investment, improving school facilities, as well as teachers' welfare, remuneration, and conditions. Schools must also integrate themselves with the industrial sector, and strive to serve the needs of industries, help propagate expertise, and render technical services, while the industrial sector may participate in running schools by various means such as investments, donations, as well as joint ventures and cooperative enterprises, thereby cementing closer ties between schools and society.

Li Lanqing pointed out: A socialist market economy calls for large numbers of management personnel who know both economics and technology, and who know about both industry and the management of multiple trading operations. Institutions of higher learning should meet this requirement and step up efforts to readjust the disciplines they offer and to transform their course content accordingly, and step by step solve the problem of disciplines being minutely divided. Of course, we must avoid a tendency toward pragmatism; we must not think only of the present to the neglect of the future; and we must not overlook certain major subjects and basic

branches of learning which are required in the long-term interests of the state and society. This not only requires us to bring into play the autonomy of the institution in terms of the set-up of disciplines and their readjustment, but also requires the state to pay attention to strengthening macrocontrol.

While addressing the issue of administration within schools of higher learning, Li Lanqing said: It is necessary to accelerate the establishment of a social service system in schools, and make efforts to curtail the immense and complicated pressure exerted on schools' logistics services. And, to change the practice of running a school like a small community so that it can concentrate its efforts on doing a good job in teaching and scientific research. We must make full use of the school's existing facilities for teaching and scientific research. The libraries and laboratories of some universities may be opened to other schools and scientific research units, or even to society with the collection of appropriate user fees, thus giving full play to their social benefits. We must encourage and develop inter-school cooperation so that exchanges and cooperation between various schools and departments will be enhanced, and thus we can make up for our deficiencies by learning from one another, bring everyone's ability into full play, and make the best use of everything. We should also promote international exchanges and cooperation.

Li Lanqing said: We must give full play to the role of graduate students and let some of them study and at the same time serve as faculty assistants by taking part in teaching, coaching, and laboratory work. In so doing, not only can the students reinforce the teaching staff and help overcome understaffing, but they can also consolidate the knowledge they have acquired, as well as supplement their income. He pointed out: We must seriously study problems concerning internal distribution and the giving of encouragement and rewards in schools. We must abolish egalitarianism and really practice the system of distributing to each according to his work, and of rewarding one with more pay for more work accomplished, thereby arousing the enthusiasm of teaching and administrative staff as well as workers to the full.

Journal Denies Story on Prisoner's Hospital Fees

OW1308073893 Beijing BEIJING REVIEW in English
No 32, 9-15 Aug 93 p 7

[Text] The report that authorities are forcing the parents of prisoner Wang Juntao to pay high hospital costs for their son is a totally groundless fabrication, according to judicial authorities in Beijing on July 24.

A report by a Beijing-based correspondent of a Western wire service on July 18 said that the mother of Wang Juntao who is currently serving his prison term has issued an urgent appeal to solicit donations to pay extremely high hospital costs that authorities have forced her to pay for her son. The report was reprinted in a number of overseas newspapers.

Judicial authorities said that under Chinese law prisoners enjoy the right of free medical care. Judicial authorities abide by the law and guarantee this right to offenders. No prisoners have ever been asked to pay for their medical costs, Wang Juntao being no exception.

An official in charge of arranging hospitalization for Wang said that before being sent to prison he had suffered from hepatitis.

While Wang serves his prison term, prison authorities give him regular physical check-ups, he said. To enable Wang to enjoy better treatment, not long ago prison authorities, in the spirit of humanitarianism, sent him to a better-equipped hospital outside the prison and paid the hospital 10,000 yuan in advance.

The official said that Wang is still receiving treatment in the hospital, which has not yet asked for settlement of Wang's medical cost. Neither Wang nor his family have ever paid a single cent for his medical costs, he said.

Moreover, judicial authorities have never asked Wang or his family to pay any of his medical expenses, he said.

Both Wang and his family are very clear about that. The official repudiated as totally groundless the report that Wang's medical costs "are all paid by his parents" and that "authorities are forcing Wang Juntao's family to pay 5,000 to 6,000 yuan a month for his hospitalization and medical costs."

Ministry Removes Official Over AIDS Education

HK1308041093 Hong Kong SOUTH CHINA
MORNING POST in English 13 Aug 93 p 8

[Report by John Kohut in Beijing]

[Text] The Director of the National Health Education Institute, Chen Bingzhong, has been relieved of his duties following a controversy over the institute's attempts to raise AIDS awareness, particularly among homosexuals, a well-placed Chinese source said.

While replacing Mr Chen, who has served as the institute's director since 1989, the Health Ministry also served notice that the Government would not be involved in AIDS education ventures aimed at homosexuals or prostitutes.

Mr Chen had earlier offered to resign after the Health Ministry began a clampdown on the institute's AIDS hotline three months ago.

Last May, the Communist Party committee of the ministry, which is in charge of the institute, sacked Wan Yanhai, the hotline's 30-year-old chief, because he allegedly "encouraged rather than opposed homosexuality and promoted the concept of human rights".

The authorities also closed down Men's World, a club run by hotline staff aimed at promoting AIDS awareness among gay men.

Health Ministry officials criticised articles written by Mr Wan which offended government sensitivities by referring to prostitutes as "sex workers" and expressing sympathy for them.

The National Press and Publications Administration called for an investigation into the publications and for a halt to the printing of such articles, the source said.

However, Mr Chen, who supported the AIDS hotline, refused to admit his staff had made any error in the publications.

In an article being printed in the August edition of the China Health Education journal, published by the institute, Mr Chen maintains that society should not discriminate against gays, because that will force them further underground and make it harder to prevent AIDS.

Health Ministry officials said they were not aware that Mr Chen had been dismissed—a common official response about decisions which have not been officially announced.

In what appears to be a setback for attempts to promote AIDS awareness, the ministry has adopted a conservative stance on educating high risk groups.

According to the source, Health Minister Chen Min-zhang said recently that while homosexuality was linked to the AIDS virus in the United States and Europe, that was not the case in China, where a large percentage of the AIDS cases involved use of contaminated needles in taking narcotics.

The minister said that it was not proper for a new class of people to be created because of AIDS, and that China should not use the viewpoints of sociologists in tackling the disease.

The Chinese source said that Mr Chen seemed to be calm about his removal, feeling that now was not an opportune time to promote AIDS awareness, at least in the way his institute had attempted to do so. Mr Chen, who turned 60 last month, was due for retirement.

The Beijing AIDS hotline has already been reduced to a staff of one or two volunteer operating one afternoon a week, and appears set to close down next week.

State Issues Supplement on News Briefings

OW1308110693 Beijing XINHUA Domestic Service in Chinese 0353 GMT 13 Aug 93

[Text] Beijing, 13 Aug (XINHUA)—The State Council General Office recently issued a supplementary circular on holding news briefings in Beijing. The circular says: The State Council General Office issued a "Circular on the Question of Holding News Briefings in Beijing" in 1992. The circular has played a certain role in accommodating the new situation of reform and opening up, in

simplifying procedures, and in expeditiously and effectively conveying information. To further improve management regarding news briefings in Beijing, the following supplementary circular is hereby issued with the State Council's approval:

1. News briefings held in Beijing by various State Council departments, provinces, autonomous regions, municipalities directly under the central government, and cities with province-level economic decision-making power should mainly address reform, opening up, economic construction, spiritual civilization, and major issues of concern to the people.
2. Various State Council departments, provinces, autonomous regions, municipalities directly under the central government, and cities with province-level economic decision-making power may make their own decisions regarding news briefings in Beijing. They should report to the Press and Publication Administration for the record. News briefings held by units under the jurisdiction of Beijing Municipality are subject to approval by the Beijing Municipal People's Government, and copies of the ratification documents should be forwarded to the Press and Publication Administration. News briefings held in Beijing by State Council departments; units under the jurisdiction of provinces, autonomous regions, municipalities directly under the central government, and cities with province-level economic decision-making power; enterprises; nonprofit institutions; mass organizations; and individuals should first be verified and approved by relevant State Council departments and the people's governments of relevant provinces, autonomous regions, municipalities directly under the central government, and cities with province-level economic decision-making power. Registration procedures should then be carried out at the Press and Publication Administration on the basis of ratification documents. The Press and Publication Administration should work out specific registration methods.
3. In registering news briefings concerning materials and goods, scientific and technological achievements, and technological patents, verification documents or certificates issued by departments in charge of quality, supervision, inspections, and patents at or above the level of provinces, municipalities directly under the central government, and cities with province-level economic decisionmaking power should be produced.
4. Press units should not cover or report unregistered news briefings which should have been registered.
5. Units that hold news briefings should strictly observe the principle of truthful journalism, and they may not divulge party and state secrets.
6. The spirit of frugality should be displayed in holding news briefings. No cash gifts or negotiable securities should be given to reporters and press units under any pretext. News briefings should be maintained on a proper scale and oriented toward tangible results.

Minister on Building Small Cities, Towns
HK1308095593 Beijing RENMIN RIBAO in Chinese
4 Aug 93 p 5

[Article by Doje Cering, minister of civil affairs: "Thoughts on Actively Developing Small Cities and Towns"]

[Text] Urbanization is a path that all countries around the world must go through sooner or later. However, owing to difference in the national conditions of various countries, the mode of development in the course of urbanization cannot possibly be identical. Developing small cities and towns is an approach to urbanization with Chinese characteristics. It is objectively required by China's national conditions.

The big population and high percentage of rural population in our country make the urbanization process very challenging. Big and medium-sized cities alone cannot hold the massive rural population. According to the fourth national census conducted in 1990, the urban population in China was 290 million, more than the combined populations of Japan, the UK, France, and Italy. However, as far as the level of urbanization is concerned, China is lagging far behind some other countries. According to 1992 statistics, there are fewer than 200 big and medium-sized cities with a population of 200,000 or more in the whole country, with a total population being approximately 170 to 180 million. If big and medium-sized cities are relied on to absorb rural population, each of those cities will have to take in more than 500,000 people on average, which is nothing short of creating another 600 big and medium-sized cities. This form of urbanization is beyond what China's financial and material resources to handle. More importantly, an oversize city tends to develop such urban maladies as heavy traffic, employment strain, and environmental pollution, giving rise to many urban social problems. Therefore, when building big and medium-sized cities, it is imperative to energetically develop small cities and towns. Today, China has 12,500 administrative towns and 42,500 towns as seats of township governments, totalling over 55,000. All these places have a certain basis on which cities can be developed. If each small city and town absorbs 5,000 people, they can accommodate a total of nearly 300 million.

Developing small cities and towns has a very important impact on the development of rural commodity economy, especially township and town enterprises. According to the forecast by relevant authorities, by the end of this century, there will be over 200 million surplus rural laborers in China, and most of them will be taking up employment in small cities and towns. Whether or not the development of small cities and towns can be effectively promoted depends on the relevant policies of the state. The most important condition for the development of small cities and towns is money, so it is necessary for the state to render special favor in fund disposition. However, it is impossible to rely on state investment entirely. It is imperative to attract funds

from various quarters of society, especially peasant money, toward the construction of small cities and towns.

In order to arouse peasant enthusiasm in building small cities and towns, the first thing to do is to adjust and formulate corresponding policies and regulations. In the past, the demarcation lines between urban and rural areas and between peasants and nonpeasants were clearly defined, and peasants found it very hard to enter cities. To attract peasants into cities to develop secondary and tertiary industries and to build small cities and towns, it is imperative to readjust and reform the old urban and rural labor management policy, especially the household registration management system. In order to attract peasants into small cities and towns, instead of big and medium-sized cities, the reform of the household registration system for small cities and towns should be different from that for big and medium-sized cities. To put it simply, it is necessary to relax policies and regulations regarding peasants running businesses and taking up residence in small cities and towns. What merits emphasis here is that in guiding peasants to invest in the construction of and develop small cities and towns, we should fully respect their free will and refrain from coercive or mandatory means.

Developing small cities and towns is of great significance to the development of the rural economy and the progress of society in many ways. We should pay close attention to the construction of small cities and towns and conscientiously do a good job of planning for the development and management of construction of small cities and towns to promote their healthy development.

1. Developing small cities and towns should be integrated with the development of the rural economy, especially agriculture. It should not only be supported by secondary and tertiary industries but also embody the concept of serving agriculture. For agriculture in our country to follow the path of high yield, good quality, and high efficiency, it is imperative to rely on agricultural scientific and technological advances and socialized services for agriculture. In order to form a service system, it is imperative to have a backup base, and small cities and towns are relatively desirable pivots and backup bases for socialized rural services.

2. In developing small cities and towns, it is necessary to make sure that they are rationally distributed, with a view to enhancing returns to scale. Experience in the past 10 years indicates that township and town enterprises are direct propelling forces behind the development of small cities and towns in rural areas. The development of small cities and towns must be integrated with the development of township and town enterprises and serve the latter. Township and town enterprises should be developed in the future in such a way that they come in groups. To keep up with this trend, small cities and towns should be built in a more concentrated way and the focus should be highlighted to generate returns of scale. Furthermore, as far as the building of small cities and towns is concerned, if the scale is too small and they are too scattered, they would not only be incapable of

displaying their function of economic radiation, but also make it hard to solve all the problems in urban construction.

3. In developing small cities and towns, it is necessary to attach importance to the development of administrative towns to turn them into the mainstay framework for the system of small cities and towns. Administrative towns are generally quite big and are the seats of county and town governments and, in some cases, seats of the organs of prefectural administrative offices. Therefore, they have favorable economic and political conditions. In 1984, the relevant authorities readjusted the criteria for establishing towns set in the 1950's and 1960's and relaxed restrictions on it, stipulating that the seat of an administrative unit at or above the county level or a township with a population of 20,000 or more, among which 2,000 or more is nonagricultural, can be designated as an administrative town. As things stand now, this criterion still cannot meet what is required by the development of small cities and towns in the context of socialist market economy. It needs to be further amended and improved to quicken the pace of developing administrative towns. It is necessary to develop a batch of administrative towns in a planned, step-by-step, vigorous, and steady way while some localities are merging districts to set up townships at present.

4. The construction of small cities and towns should be conducted in light of local realities, and each of them should have a character. In this process, it is necessary to rely on local secondary and tertiary industries for backing and to help promote the development of these two industrial sectors. For example, some places are strategic communication points, some have abundant mineral resources, and some are famous for brand names and indigenous specialities. The planning, setup, and urban construction of small cities and towns should carry local characteristics which are developed according to what is available and possible to facilitate the development of the local economy.

5. It is necessary to be economical in the use of land, and, in particular, recklessly occupying cultivated land should be disallowed. According to statistics, there are over 1,800 economic development zones of various kinds all over the country, occupying over 10 million mu of land, much of which is in small cities and towns. As long as rational arrangements are made for the urban construction of development zones and small cities and towns, a large amount of cultivated land can be saved.

BEIJING REVIEW Discusses Armed Crime

OW1308111493 Beijing BEIJING REVIEW in English
No 32, 9-15 Aug 93 pp 16, 17

[Article by staff reporter Li Bin: "China Cracks Down on Armed Criminals"]

[Text] Since 1989, eight armed criminal gangs have been committing all sorts of crimes in Guiyang, Guizhou Province. In February 1991, some gangsters broke into the sales shop of a camera and instrument factory, killed

the worker on duty and took 40,000 yuan, 249 watches and six high-grade cameras. Three months later, they robbed another shop, killing the owner and an innocent young woman. Citizens became upset and angry about these crimes.

The local public security department set up a special team to handle the case. In March 1992, the last of these gangsters, who had killed several women for their gold jewelry, were caught. Now, the eight gangs have been completely wiped out.

This is just one instance of the cases China has investigated in its crackdown against armed criminals.

After its founding in 1949, New China imposed strict controls on firearms and ammunition to maintain public security. Armed confrontation appeared during the "cultural revolution" (1966-76). However, these arms were immediately and forcibly confiscated. In 1981, regulations were issued by the State Council to forbid illegal production, sale and transportation of weapons. Individual ownership is forbidden. Some people in forest and pastoral areas can possess and use guns with approval from relevant local government and public security departments. Now, a national check of non-military arms is carried out once a year.

The purpose of strict control and administration of arms is to prevent guns from leaking into society and into the hands of criminals. Nevertheless, in the late 1980s military arms of unknown origin began to appear in some places. In 1989 there were more than 300 cases involving guns and 600 murders. In 180 of these instances the weapons were bought on the black market.

Origin of Firearms

Guns of unknown origin used by criminals come from China's southwest neighboring countries, especially Vietnam where years of war led to their being dispersed throughout society and obtained by smugglers.

When gun smuggling first appeared along the Sino-Vietnamese border, the public security departments of Yunnan Province and Guangxi Zhuang Autonomous Region uncovered scores of attempts. Yet, more and more weapons flowed into China, forming a so-called estuary extending to southeast China and the hinterland.

From 1988 to May 1992, the security departments of Yunnan, Guangdong and Fujian provinces and Guangxi Zhuang Autonomous Region discovered over 450 infringements that involved guns from Vietnam and seized 1,082 military guns, 16,700 bullets, 250 grenades and mines along with some weapons from Laos and Myanmar [Burma].

Many criminals obtain their firearms by theft.

On February 1, 1993, 11 pistols and 1,330 bullets were stolen from an army store-house in Hebei Province. This constituted the most serious incident of gun theft since the founding of the People's Republic of China in 1949.

Zhang Yanming, the perpetrator, was an escaped convict. Facing retribution for a life of crime, he purchased two five-shot firelocks [as received], which emboldened him and aroused his desire to steal military weapons.

Some other criminals make firearms themselves. In Liupanshui, a new industrial city in Guizhou Province, a gang engaged in stealing and robbing state treasures and resisting public security departments by force became rampant after 1990. From January to July 1990, they fashioned 16 firelocks with steel stolen from a mine, and prepared to rob the arms of the police in Shuangshui Town. The gangsters failed in their initial attempt because the police had no guns. On August 26, they ambushed the three policemen patrolling the Guanyinshan Mine. The gang was completely annihilated in February 1992.

Some criminals neither buy nor steal their guns. Instead, they borrow the hardware from legal owners. On October 19, 1992, Xu Dongming, a member of the mobile response team of the prison administration department at the Xinhua Coal Mine in Gaoan, Jiangsu Province, lent his pistol to Liu Chunguang, a colleague's son, induced to do so by Liu's promise of money and loyalty. With this gun, Liu hijacked a truck with a prisoner serving a term at the mine. The two injured the driver and escaped. Liu, with nowhere to go, went back to the mine and returned the gun to Xu. Aware that something had happened, Xu tried to cover it up. But how could he?

Though this kind of case is exceptional, it makes people wonder.

How can anyone respond when seeing air guns, hunting rifles, anaesthetic and electric shock guns, military bayonets, daggers and cartridge folders are on public sale at the Baifurong Market at Baigou in Xincheng County, Hebei Province? This market has become famous throughout the country. The market authorities have shown an indifference to such deals, making it easier for arms to flow into society.

Arms Sales

According to Articles 112 and 163 of the Chinese Criminal Law, the illegal manufacture, purchase and sale, transport and caching of arms are criminal acts. Those who commit these felonies will be punished by law. However, some people still defy the statutes.

Gun buyers and sellers are mainly:

—Potential murderers for money. Of the 504 such criminals arrested in Guangxi Zhuang Autonomous Region in 1988-89, 34.8 percent were buyers whose purpose was monetary gain. Guns bring them courage.

—Revenge seekers. According to 1990 statistics, of the 196 gun-related killings throughout the country, 117 were committed for revenge for various reasons, such as marriage, family disputes and quarrels.

—Seekers of self protection or domination over others. In recent years, some people have become rich while lacking a knowledge of the law. They try to gain a sense of security through gun possession. Some young people keep up appearances with guns in confrontations.

—Profit seekers. Those who smuggle guns, especially in border areas, do so mainly for financial gain. According to public security departments in Guangxi, 46 percent of the hundreds of gun salesmen have money as a motive. The Net of Justice [subhead]

Chinese government leaders have paid much attention to rampant arms sales. The Ministry of Public Security has also stipulated regulations and taken various measures against criminals.

Public security departments have made nationwide checks on arms. In 1992, some 200,000 illegal guns were collected, 2,291 of which were military weapons.

In recent years, public security departments have strengthened their investigation work.

In the southeast border areas two lines of defense have been formed to block sources and cut the flow. Police have stepped up efforts in patrolling, checking exit and entry ports, scrutinizing vehicles and identification cards, and occasionally setting up check posts along traffic lines. During the first 10 days of June 1992, Yunnan Province seized 32 military guns.

Arms sellers often transfer their wares by railway. The railway police of Kunming, Yunnan Province, have strengthened their checks at railway stations. From February 1990 to February 1992, they seized 22 smuggled military guns and 9,713 bullets. Some frightened criminals disposed of their guns outside the station.

Local people have also been reporting the illegal possession of firearms. According to statistics in 1991, 63 percent and 41 percent of the cases investigated that year in Guangxi and Yunnan respectively were discovered through such leads.

Arms sales often involve many localities, so the public security departments in different provinces stress cooperation in their work.

Sales by gangs are a focal point of China's crackdown efforts. From 1989 to the first half of 1992, Fujian Province clamped down on seven guns while Guangdong Province gave no quarter to 21 in 1990.

In February 1992, the Ministry of Public Security contacted the Vietnamese authorities, suggesting cooperation in cracking down on arms smuggling. Vietnam gave its assent.

Commentator Calls Title of Communist 'Noble'

HK1308055893 Beijing GUANGMING RIBAO in
Chinese 30 Jul 93 p 1

[Commentator's article: "Treasure the Noble Title of Communist—Second Discussion on Unswervingly Opposing Corruption"]

[Text] What is the duty of a communist? This question was clear to every communist the moment he joined the party. Today, however, while the reform and opening up policy is being implemented, the socialist market economy is developing, and we are faced with the phenomenon of serious corruption among a small number of party members and party-member leading cadres, we cannot help but ask them: Are you a communist? Do you look like one?

The title of communist is a noble and glorious one. As a communist, one should first of all consider wholeheartedly serving the people as the standard for one's words and deeds, should do everything for the people, should depend on the people in doing anything, and should put the interests of the people in the first position at all times. The "Party Constitution" explicitly states that party members must "adhere to the principle that the interests of the party and the people stand above all else and that personal interests are subordinate to the interests of the party and the people." In practice, however, how do some of our party members behave? Instead of doing everything for the people, they have done everything for themselves. Instead of depending on the people in doing anything, they have placed themselves above the people. Instead of putting the interests of the people in the first position, they have given their own interests that priority. Some party-member leading cadres, instead of making use of the power in their hands to serve the people, have even gone so far as to abuse power to seek personal gain, engage in corruption and bribery, extort money and blackmail people, bend the law for the benefit of relatives or friends, play politics, neglect duties, become morally degenerate, and practice extravagance. In short, these people have long lost sight of the party's purpose. They are not safeguarding the party's interests; rather, they are damaging them. They are not safeguarding the party's purity; they are blemishing the party's reputation. They are not doing credit to the glorious title of communist; they are using the high prestige that the party enjoys among the people to satisfy their personal desires in a thousand and one ways, thus blaspheming the sacred title of communist.

As a communist today, one should also fulfill one duty or one mission, that is, one should lead the people in realizing the strategic goal put forward at the 14th CPC Congress and build our country into a strong modern socialist country. To be specific, one should use a firm party spirit to ensure and promote the smooth progress of reform and opening up and use party spirit to ensure and promote the establishment of the new socialist market economy structure. At the same time, one should

use party spirit to resist negative factors in market activities so that this new economic structure can serve the fundamental goal of building socialism with Chinese characteristics. This is at once a great historical mission and a stringent test for every communist. In the eyes of some comrades, there is no practical significance in talking about party spirit when the socialist market economy is being developed and the policy of reform and opening up is being implemented. This is a total misunderstanding. Establishing the socialist market economy structure is an important policy decision, which was made at the 14th CPC Congress under the guidance of Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and on the basis of summing up the experience of reform and opening up over 14 years. It is an important component part of building socialism with Chinese characteristics, and, therefore, it is an important strategic task for our party in the new period of socialism. Practice has shown that the more energetically we carry out reform and opening up, the more we should strengthen party spirit, and the more energetically we develop the socialist market economy, the more we should strengthen the tempering of our party spirit. Otherwise, it will be difficult to attain the strategic goal set at the 14th CPC Congress or to establish the socialist market economy structure.

We must understand the importance and urgency of strengthening the tempering of party spirit under the conditions of the market economy and understand the inevitability that the further the market economy develops and the deeper reform and opening up are carried out, even less should the demand on tempering the party spirit of party members and party leading cadres be relaxed. This is not only because some decadent ideas of the west will inevitably have an influence on us as we deepen reform and opening up, but also because some negative factors in the market economy will bring out the people's egoism, money worshipping, and extreme individualism so that there will be an impact on the ideals and faith of party members. In social reality, some party members and party leading cadres, under the pretext of developing the market economy, abuse power to seek personal gain; exchange money for power; abuse power to get involved in corruption, bribery, and other criminal activities; and introduce the principle of exchanging equal values into political life, and so on. Do all these not show that some people are being defeated by money and materials? No matter how the tasks or the objective environment may change, the party members' party spirit principle cannot change. If, because we have been developing the market economy and carrying out reform and opening up, party members need not talk about party spirit and the true qualities of party members can be abandoned, what then is the use of having us as party members?

In his speech at the forum to mark the 72d founding anniversary of the CPC, Comrade Jiang Zemin pointed out: Under the new historical conditions, party members

should become models in emancipating the mind and seeking truth from facts; in doing arduous work, making selfless contribution, and wholeheartedly serving the people; in observing discipline and upholding democratic centralism; in working diligently and in a down-to-earth-manner and faithfully discharging their duties; and in opposing various negative and corrupt phenomena and developing new socialist habits. Faced with the party's demands, all our party members, the party leading cadres in particular, should examine our conscience and ask: Have I met the requirements? Am I worthy of the glorious title of communist?

Correction to Deng Staying in Beijing

HK1208021493

The following correction pertains to the item headlined "Deng Stays in Beijing; No 'Big' Health Problem," published in the 11 August China DAILY REPORT, page nine:

Column one, sixth full paragraph, only sentence, should read: On the other hand, Deng Xiaoping spends much time talking with his daughter Mao Mao [Deng Rong, his youngest daughter] and assisting her in completing the second volume... (correcting editorial note)

Column two, first paragraph, second sentence, should read: Due to the fact that Qiao Shi, a member of the Political Bureau Standing Committee, is visiting foreign countries and Li Huqing is inspecting northeast China, there will not be any important meetings in these few days. (correcting latter name)

Military

Senior Army Leaders Eulogize Late Li Da

HK1208142893 Beijing JIEFANGJUN BAO in Chinese
3 Aug 93 pp 1, 4

[Article by Chi Haotian (6688 3185 3944), minister of national defense, Yang Dezhi (2799 1779 1807), Central Advisory Commission Standing Committee member, and Zhang Wannian (1728 8001 1628), People's Liberation Army General Staff Headquarters chief of general staff: "Mourning Comrade Li Da With Deep Grief—Our Army's Outstanding General Staff Officer"]

[Text] A distinguished soldier has perished like a meteor and the mountains and rivers join us in mourning. We were grief-stricken when the news reached us, unable to contain our sorrow. We saw again the familiar figure and the firm, respectable, and warm face. Comrade Deng Xiaoping once said: "Comrade Li Da is a very good chief of staff." The remark tallies well with reality and expresses the truth accurately. Comrade Li Da spent the prime of his years working as a chief of staff at different levels. In the second year after he joined the revolution, he was chosen to be transferred to the Hunan-Jiangxi Soviet Zone. There, he was chief of staff in turn for the 1st and 17th Independent

Divisions and the Red Army 6th, and later 2nd, Army Groups. In 1936, he was chief of staff of the Red Army 2nd Front Army and, in 1937, of the Army To Relieve the Western Front. During the War of Resistance Against Japanese Aggression and the War of Liberation, he was chief of staff of the Eighth-Route Army 129th Division and the 2nd Field Army. From 1950 to 1953, he was first deputy commander and chief of staff of the Southwest Military Region and chief of staff of the Chinese People's Volunteers; from 1972 to 1980 he was deputy general chief of staff of the People's Liberation Army [PLA]. During his decades-long career as a chief of staff, he went through weal and woe and thick and thin, braving death with Ren Bishi, He Loang, Yuan Xiangying, Liu Bocheng, Deng Xiaoping, Xu Xiangqian, Chen Yi, Ye Jianying, and other party leaders and marshals. He was infinitely loyal to the party and unwaveringly faithful to his noble beliefs. He spent his last drop of energy working for the revolutionary cause. With selfless dedication and expertise in organization and leadership in command center work, he took infinite pains in assisting marshals to devise strategies and move troops and arms; he fought alongside the marshals all over China, winning victory after victory. The fame and achievements of proletarian revolutionaries of the older generation have gone down in the history books. Equally, the name of Li Da, the good chief of staff, has also been impressed firmly in people's minds.

I.

Comrade Li Da was infinitely loyal to the party's cause and its firm faith in communism. In his soldiering career, spanning more than 50 years, he faced the choice of a path for his life and experienced the trials of the extremely arduous circumstances of war and the onslaught of various schools of thought. At each critical juncture, he was able to keep his head and carry out the correct policy and line.

In 1931 he joined the famous "Ningdu Riots." After the uprising ended in victory, in line with its policy toward people who rose up in arms, the Red Army let them decide to stay or leave. Somebody offered him a piece of advice: "You are strong and cultured, Li Da, you do not have to be a soldier and risk your life. Why do you not find a job?" Li Da brushed aside the suggestion, saying: "I grew up a poor person and became a soldier because I could not survive back in my hometown. I know the communists say and do things for the poor. This is the path I have chosen and I am committed to it." Thus, Li Da stayed with the Red Army 5th Army Group. His thought processes went through unprecedented changes when he was in the revolutionary contingent: Witnessing the climb of the Snow Mountain and the crossing of the grassland during the Long March, he was convinced of the CPC's determination to save his people; their fearless spirit, which enabled them to keep up the work and make sacrifices, steeled his determination to be a revolutionary to the end and molded his outlook on life. Fiercely loyal to the revolution, he fought bravely, scored

numerous merits, and became a high-ranking commander. Always thinking, analyzing, and evaluating problems, he was able to keep a cool head in carrying out the Central Committee and Central Military Commission's decisions at critical moments of historical development. When the War of Resistance Against Japanese Aggression came to a stand-off, the Japanese Army launched a desperate "cage policy" in a vain attempt to encircle the Eighth Route Army with railroads and roads. Comrade Li Da, then chief of staff of the Eighth Route Army 129th Division, reviewed and gauged the situation and saw that our Army had to change from the guerrilla and mountain warfare tactics to a strategy which conceived the demolition and strikes on pockets of military targets and the storming of heavily fortified positions. The concept was fully in line with a war policy advanced by Divisional Commander Liu and Commissar Deng which envisaged "opening fronts on transport lines" and shifting the focus from guerrilla warfare to "transport warfare." To achieve the change as quickly as possible, Comrade Li Da headed a study by engineer corps and demolition experts to come up with an action plan, directed the training of troops in demolition and attack drills, and played a part in drawing up war scenarios for the noted Hundred-Regiment Campaign, which was aimed at blowing up and striking at the Zhengtai Railroad, and which dealt a heavy blow to the enemy. In 1947, Comrade Li Da, with a profound understanding of Chairman Mao's strategic policy of "bringing the war to KMT-controlled areas," assisted his leaders Liu and Deng in the thousand mile long march into Daibieshan to establish a base right in the heart of the enemy. On the eve of strategic counterattacks, Comrade Li Da, considering that a good many soldiers in the No. 2 Field Army came from the north, organized training for the troops in the Chang Jiang terrain, which helped ensure the victory in the battle of crossing the Chang Jiang.

Comrade Li Da had the spirit and courage of a proletarian military expert and the insight and perceptive view of a proletarian revolutionary. In the unforgettable October of 1976, the "gang of four" was thrown out of power, but their henchmen still remained and the sectarian hold on certain units was solid and strong. In particular, hemmed in by the "Two Whatevers," the work to bring order out of chaos and steer things back to the right track foundered; the national economy was on the brink of collapse; and the Army had a serious morale problem. How was the country to cure the wounds of the "Cultural Revolution?" What did the Army have to do to get out of the trough? Which areas of military work had gone wrong? Comrade Li Da was then deputy chief in charge of training and a staunch upholder of the ideological line of seeking truth from facts. In the intricate and complicated situation, he sided in a clear-cut fashion with Comrade Deng Xiaoping and revolutionaries of the older generation, resolutely corrected the fundamental issues that had been clouded and subverted by the "gang of four," and resisted the interference from the "leftist" ideological sector. Holding to Comrade

Deng Xiaoping's dictum that practice is the only criterion for verifying truth and relying on the teaching of seeking truth from facts as the ideological foundation for the work of bringing order out of chaos, he proposed and advocated with others a vigorous pursuit of education as an important means to heal the wounds and restore order in military work. Aiming at the fear in the Army of openly pursuing training, he actively spoke widely of Comrade Deng Xiaoping's idea of "giving education and training a strategic priority" to resolutely dispel the theory on the "uselessness of training" by Lin Biao and the "gang of four."

To allay the doubts of the troops and embolden them to pursue training openly and confidently, Comrade Li Da, acting on Vice Chairman Ye Jianying's instructions, launched an armywide discussion on 10 shoulds and should nots, such as "whether or not there should be strict training and requirements and preparations for war." Many comrades were worried of being labelled as holding "purely military point of view" if they put too much stress on training. However, Comrade Li Da said firmly that there would not be a shred of Marxism-Leninism without the pursuit of training.

Li Da was a person who saw through issues, remained undaunted in the face of impending disaster, and unreservedly loyal even when going through trials and being treated unjustly. He suffered three particularly heavy blows in his life. The first blow was during the so-called opposing "doctrinairism" in 1958. Marshals Liu Bocheng and Ye Jianying were accused, without grounds, of being "doctrinaire," and Li Da and the dozen of comrades insisting on the correct training policy were put down as representatives of the "bourgeois military line." Li Da was relieved of his posts in the Army and transferred to the State Physical and Sports Commission. The second blow occurred early in the "Cultural Revolution," when he was charged with being a legitimate target for the "movement against the three evils" and an "active evil-doer" planted in the sports commission by He Long. He was imprisoned for four years, being released in 1972 when Premier Zhou and Marshals Liu and Ye interceded. The third blow was during the "strike against the rightist reverse-the-verdict current," when he was framed by the "gang of four" as a "reverse-the-verdict rightist." However, repeated blows did not weaken in the slightest his revolutionary will. He was still convinced that truth would triumph over evil. He remained calm, unruffled, unselfish, and fearless each time he was wronged, showing the firm revolutionary convictions and lofty style of a communist.

II.

Comrade Li Da is, to date, the longest-serving chief of staff in our Army. He was willing to work as an aide assisting marshals but he was wise and courageous and a deep thinker ahead of his time. Whether he was assisting his leaders Liu and Deng in war command efforts during the very hard war years, or running troops according to the instructions of the military commission in peaceful but volatile times, he gave

of his best and completed every mission handed to him by the higher levels. Marshal Chen Yi praised him as "our good chief of staff."

Beginning in 1937, and for the following 16 years, Comrade Li Da worked as a close aide to Liu Bocheng and Deng Xiaoping. Liu and Deng were distinguished leaders of our Army and great military experts and it was not easy to work under them as chief of staff. But Li Da did an excellent job and won their praise. He took part in the famous Shentouling, Bai Jin, Dingtao, and Changjiang-crossing Battles, and the Hundred-Regiment and Southwest Shandong Campaigns. His assistance to Liu and Deng was many-sided: Taking part in the studying and drafting of war scenarios for major battles, helping Liu and Deng plan and command war, and implementing Liu's and Deng's strategic missions and realizing their strategic intentions. Particularly during the combat on the outer front line of the Daibeshan area and the Huaihai Campaign, the circumstances were extremely trying and fighting was quite savage. The 2d Field Army did not have a deputy commander and deputy chief of staff so it can be imagined how heavy Comrade Li Da's work load was. He devoted all his energy and thoughts to assisting Liu and Deng to direct the war, laying the foundations for winning the campaign. After the nation was born, he became a high-ranking leader in our Army but he kept his old style of resolutely implementing the wishes of the military commission, thinking deeply, and working creatively. We still remember this even now.

The disruption and damage to military training were at their worst in the early 1970's. Under the sway of Lin Biao's crazy theory that "politics can overcome everything," provisions and systems which had proved highly effective were suspended or abolished. Normal training order was disrupted and troop units were busy launching "campaigns." Training in the few supposedly comprehensive training units existed in name only. Military training became a "forbidden zone" to be tried only at your own risk, and the quality of the troops rapidly deteriorated. Chairman Mao signed an order: "There are now only political activities and no military activities. Our troops have become a cultural force." Comrade Ye Jianying, who took charge of the Central Military Commission day-to-day work, was much concerned. Most at the General Staff Headquarters sensed that the situation could not be allowed to continue.

In 1972, Comrade Li Da was promoted to deputy chief of general staff, taking charge of the Army training work. Feeling the weight of the responsibility, he vowed immediately to Marshal Ye: "However great the resistance, I will restore full military training as soon as possible and will resolutely mend the damage done by Lin Biao." Supported and encouraged by Comrade Ye Jianying, Comrade Li Da launched the armywide training of "three strikes," "three preventions," and "familiarizing the whole Army with antitank warfare." Just as he commanded battles in the war years, Comrade Li Da planned carefully, drew up measures and compiled

training material jointly with comrades at training units, unified the Army's ideology, coordinated the moves of different arms and services, and popularized representative experience, so that very quickly the popular "three strikes and preventions" training got off the ground and was in full swing throughout the Army. Later, he staged large-scale maneuvers in antitank warfare in northern China, participated in by arms and services such as airmen, infantrymen, artillery, and tank and engineering corps. This was a great encouragement to leaders from the party Central Committee, the Central Military Commission, the PLA headquarters, and military regions watching the maneuvers.

While the "three strikes and preventions" training activities were being launched, Comrade Li Da firmly enforced the Central Military Commission's instruction of vigorously pursuing military training throughout the Army. He started with tightening requirements on training schedules and systems and headed the drafting of a series of orders and provisions concerning training. Aiming to dispel the fears among the troops about training, he said sharply at a General Staff Headquarters meeting: "Armies cannot talk only about lines and not military matters." Aiming at Lin Biao's absurd saying that "it is all right to miss the first shot because you can fire a second and a third one," he retorted in a clear-cut fashion: "If you miss the enemy with the first shot he will hit you and you will not have a chance for a second or third shot. Lin Biao was talking bullshit!" In 1973, as the convener of the leading group for armywide training in war preparations, Li Da, to solve the problem of the shortage of teachers and cadres' inexperience in teaching, made recommendations to the military commission on the proportion of time spent between political and military training; the establishment of a training team, academies, and a training system, and such matters; and lobbied actively for restoring and building dozens of academy premises and enlisting thousands of battle-experienced cadres at or above the regimental rank to teach on the training team.

In 1976 and 1977, he participated in tactical maneuvers between troop units in antitank warfare, war mobility, nuclear warfare attacks, and amphibious landings. In each military exercise, he always had brainstorming sessions and did scenario planning and terrain studies with his men. In early 1979, Comrade Li Da stressed battle training and tactical drills which varied from situation to situation, visited troop units many times to study ways of training, and joined the troops in exercising "attacks on mountain strongholds." Commanders and soldiers were all deeply moved. He also instructed that combat experiences and lessons should be promptly summed up and taught that training should revolve around combined tactics and rely on cadres. All this promoted the implementation of the military commission's strategic policy in troop units, playing a powerful role in adjusting our Army to future warfare and raising military training to a new level.

III.

Long-time involvement in chief of staff work in high-level organs meant that Comrade Li Da knew very well that command centers are the head of the whole troop. If they cannot meet the needs of the situation, it will be impossible to build a good army and satisfactorily complete combat missions. Comrade Li Da spent all his life's energy on, and made outstanding contributions to, the construction of command centers and a chiefs-of-staff contingent.

In the early years of the War of Resistance Against Japanese Aggression, the Red Army was incorporated into the National Revolutionary Army 18th Army Group. The command establishment was modelled on the KMT unified² structure, with staff officer, reconnaissance, communications, and deputy-in-command sections under it. But, as the troops at that time were rather entangled in their composition and ill-organized and ill-disciplined, it was difficult to whip them into shape and extract combat effectiveness from them. To rectify the situation, Comrade Li Da quickly obtained the consent of commanding officers to add a new section to the original four, a troop establishment section, which later was split into troop affairs and training sections. With enhanced powers, the bodies were able to visibly improve troops' training standards, organization, discipline and also combat effectiveness. In 1945, to deal with an increasing variety of arms and installations for the troops, Comrade Li Da, after intensive studies, proposed to Comrade Ye Jianying that the command structure for the 129th Division should best be divided according to the nature of jobs; he recommended a new military and political department for the military commission—an unprecedented move at the time. The department went through several reforms and evolved into the present Military Affairs Department (Section), and the arsenal section became the present Armament Department (Section). During the War of Liberation, Comrade Li Da, to meet changes and catch up with developments, proposed to the military commission that the command center set up a training section, a special force organization, and establish advanced military academies, and so on. The Central Military Commission valued these proposals highly. After the founding of the nation, he paid a great deal of attention to the establishment of a central command system, proposed vigorous organizational adjustment to solve the problem of overlapping departmental duties and ambiguity in areas of responsibility between arms and services. At the same time, he was personally involved in compiling and drafting a range of edicts, rules, provisions, and procedures which laid down standard operation procedures for staff officer organs and the foundations for regularizing the Army command structure. In personnel training, Comrade Li Da focused on raising the political, military, scientific, and cultural qualities of staff officers in ways that fit the time. During the war years, Liu and Deng's army many times organized training and teaching teams for staff officers, all of which were personally handled by Comrade Li Da. During the training, to deal with the shortage of logistic

supplies in the Army and the troops' inferior quality, he advised staff officers to achieve the following two things: One, they must be able to work under trying conditions. After a day's march and when all others are resting, you must get an update on the situation as quickly as possible and learn the intentions of your superiors for the following day. Two, there must be "four diligences" (run, write, observe, and think diligently); that is, running more errands to obtain updates on the situation, summing up experiences and lessons and using the brain to come up with methods and to provide, in a timely fashion, their superiors with accurate intelligence and new war scenarios. Later, to deal with staff officers who were afraid to offer recommendations and other similar problems, he wanted all of them to be what Marshal Liu had stressed: To be "very bold," "perspicuous," and "able to keep a secret." Comrade Li Da valued the use of staff officers as much as—if not more than—their training, and was willing to part with the best staff officers to send them down to work at troop units. Most of these people became, through the trials of war and their own efforts, distinguished military commanders and the backbone of the leadership in various lines of duty. During peacetime, the status and role of staff work became increasingly important along with the development of science and technology and modern warfare which, in particular, demanded more from staff officers in leading organs. When he was working as deputy chief of general staff, Comrade Li Da insisted on pursuing troop training with one hand and the management of staff organs with the other. Under his advocacy and arrangements, many military academies created staff courses and troops strengthened training for commanding officers. In the 1970's, Comrade Li Da created a wave of enthusiasm within the Army for teaching teams, in which he was personally involved in the organization and planning. While he was getting administration departments to formulate a program to set up teaching teams at different levels of troop units and setting targets for these teams, he had the general headquarters hold "collective training for all the Army's training team leaders." He Zhengwen, then deputy chief of general staff, directed the training and Comrade Sun Yi, formerly military training deputy director of the General Staff Headquarters, was the head coach. Those to be trained were chiefs of staff of all the military regions, military training department heads, chiefs of staff of all services, and comrades from general headquarters. The training consisted of learning and carrying out edicts and training rules and regulations common to all arms and services. The collective training drew strong responses throughout the Army. Once the general headquarters started this, local authorities all started setting up teaching teams. Throughout the Army, a large number of leading cadres, the rank-and-file, organ cadres at all levels, and especially the staff officers at command centers, all had their military quality improved quickly after training.

IV.

Comrade Li Da was serious and disciplined and insisted all his life on being a role model and setting a good example for others. In work and in life, he was the first to carry out what he expected of others. The incident which led Comrade Liu Bocheng to call him a "walking map" still attracts praise. It happened when Li Da was chief of staff for Liu and Deng's army. He ran into a "sweep" by Japanese puppet troops on his way to the second subdivision area on a tour of inspection. At night he and our troops quickly moved to their position. The troop staff officers could not tell which direction to turn when they came to a road junction. Li Da, riding on horseback, trotted around the junction once, then said firmly: "This way." The troops successfully shook off the enemy which was closing in on them from several directions to "encircle and exterminate" them. Later, when asked by the staff officers about the secret of recognizing the terrain, Li Da laughed and explained that he had committed the war map on the second subdivision area to memory the previous nights, when he was studying enemy movements and the terrain. He pulled out a map and pointed to a mark on a road junction, and said: Look, the mark here represents a lone tree. This is the road we should take. The staff officers were all amazed and impressed. His reputation of being a "walking map" quickly spread to the whole Army. When he was in the area straddling Shanxi-Hebei-Shandong-Henan, without the aid of a map he could rattle off the positions of all the mountain streams, rivers, towns, villages, railroads, roads, and even footpaths; the distribution of allied, Japanese, and puppet troops and bandits; and the key positions, sealed-off gullies, and earthworks throughout the whole area. When he was 81, he was still able to remember the names of over 2,000 counties. Comrade Li Da had a down-to-earth and practical manner. When he went down from the general headquarters to troop units for inspection, he always wanted his aides to go down to the grass-roots levels to get first-hand material. He was one who practiced what he expected of others. Once, after watching a troop units' maneuvers staged by the Xinjiang Military District, oblivious to his old age and fatigue, he rode overnight to inspect a border unit stationed in a place over 2,700 m above sea level and suffered a heart attack on his way there. He was out of danger after emergency treatment and he insisted on continuing the journey. Comrades accompanying him said: You can go back; we will continue uphill and get an update. But he adamantly refused, insisting on touring all the outposts of the border troop.

Comrade Li Da lived simply, never enjoyed any privileges, always ate with the soldiers in company units when inspecting troops, and strictly observed the "four dishes and one soul" provision when eating in mess halls. He did this in the Army as well as in localities. In 1975, when Comrade Li Da visited a heavy industrial base, the leading comrades of the base were happy to have an opportunity to fete the veteran general. But Li Da said, as soon as he stepped into the restaurant: "I come to learn from your arduous enterprising spirit. I had better

stick to the standard meal provided." The base leaders explained: "We have turned the mud sheds into brick houses and we bake our own bricks, raise poultry, and brew our own wine. General, you can be sure that there is no question of losing our arduous enterprising spirit." But Comrade Li Da insisted: "We cannot gorge ourselves on the food even if we grew it ourselves. I cannot be the one to break this rule" and he very politely declined the dinner invitation. It was a great education to the comrades present there.

Comrade Li Da lived in a very common and small quadrangle in Xicheng District after he was transferred to Beijing in 1952. When the country's economy improved, departments concerned had intended on several occasions to assign him a greater residential compound, but he refused on each occasion. He always reminded himself not to abuse his powers for personal gain or to enjoy privileges. In the early stages of nation founding, Comrade Li Da's eldest son, living in a rural area, learned of his father's becoming a "big official" and came to him for a job. Li Da knew the hardship his son had gone through and that it was very easy for him to give his son a job but he taught his son to continue to be a peasant. None of Comrade Li Da's sons or daughters grew up under his "care."

Comrade Li Da struggled all his life and risked his life for, but remained loyal to, the revolution. His departure has deprived our Army of a distinguished communist fighter and us of a good leader, comrade-in-arms, and comrade. We miss and mourn him deeply.

Rest in peace, Comrade Li Da! Your passion and wisdom will be a valuable heritage for the Army and will radiate new splendor in the pursuit of revolutionization, modernization, and regularization!

Commentator Continues Series on CPC Members

On 'Working Diligently'

*HK1308032493 Beijing JIEFANGJUN BAO in Chinese
16 Jul 93 p 1*

[Commentator's article: "Be A Model in Working Diligently and in a Down-to-Earth Manner and Being Devoted to One's Duty—Fourth Comment on Communist Party Members Tempering a Stronger Party Spirit"; Parts One through Three were published in the 6 August China DAILY REPORT, pages 19-22]

[Text] Communist Party members must become models in working diligently and in a down-to-earth manner and in being devoted to their duties. This is Comrade Jiang Zemin's brilliant summary of the work style, attitude toward work, and work standards which all Communist Party members should have. Every Communist Party member must profoundly understand and effectively implement it.

Working diligently and in a down-to-earth manner and being devoted to one's duty is the most genuine manifestation of a party members' party-spirit principle and is also the most genuine criterion with which the broad masses test whether a party member is qualified or not. Communists are proponents of the theory of the unity of knowing and doing. Our purpose in knowing the world is to transform it; communists are proponents of the unity of ideals and reality, who want to make lofty ideals come true by exerting real efforts; and communists are proponents of the unity of theory and practice, who want to implement the party's theory, line, principles, and policies to the letter by practicing what they preach. All this is inseparable from the two Chinese characters meaning "doing solid work." Only by doing solid work can the advanced nature of Communist Party members be fully demonstrated and the party's appeal to the masses of people boosted; only by doing solid work can the objective laws governing reform and construction in various fields of endeavor be mastered and the leadership levels of party organizations be continuously improved; and only when every party member becomes a banner setter, every party branch becomes a stronghold, and every party committee becomes a center of unity and fighting through doing solid work can our party become a more solid core leading socialist modernization.

Consciousness about being a models for working diligently and in a down-to-earth manner and being devoted to duty stems from a high sense of mission and urgency. State and Army modernization is at a crucial stage where opportunities and challenges coexist side by side and successes and difficulties go side by side. While modern war sets high demands on us, our Army's modernization level is relatively low; while the party and the people entrust our Army with very arduous tasks, it faces many difficulties in fulfilling its tasks; and while state and Army modernization needs a large number of highly qualified personnel, our knowledge and ability are inadequate. An old saying goes, "diligence can make up for stupidity." To solve the above-mentioned contradictions and overcome difficulties which occur as we advance, we should work diligently and in a down-to-earth manner, make greater contributions at our own posts, make unremitting efforts to add many small victories up to a big one, and attain our set goals by working steadily and making solid progress.

Comrade Deng Xiaoping has repeatedly stressed: "It is necessary to find time to do more solid work and speak less." He also pointed out: "The bad work style of getting along by issuing orders and indulging in idle talk must stop." In order to be models in working diligently and in a down-to-earth manner and being devoted to one's duties, it is necessary to conscientiously overcome the mental state and negative phenomena incongruous with this requirement. Overall, the vast numbers of party members in our Army have done well in this regard. Nevertheless, there are comrades who are showy in work style, mentally lazy, and set low demands on themselves. They do not devote their main energies to

army building. Some units do not strictly run military affairs and are lax in management and discipline, mainly because party members, and in particular cadres who are party members, do not have a work style of doing solid work, do not work hard, and lack a sense of responsibility. To be models in working diligently and in a down-to-earth manner and being devoted to one's duties, Communist Party members must guard against showiness, laziness, and arrogance. To have a down-to-earth style of work, they must go down to the grassroots units, immerse themselves with the masses, and go deep into the realities of life rather than remaining on the surface, indulging in exaggeration and formalism, and playing lip service. In working diligently, they must be diligent in using their brains and hands, in their studies, and in conducting explorations; work assiduously and have the courage to break new ground; and refrain from being slack and lazy and giving no serious thought to anything. They should be devoted to their duties and must conscientiously perform their duties, creatively carry out their work, fulfill the tasks assigned to them by organizations by setting high demands on themselves, and they must not have the mentality of not seeking credit but only avoiding blame or seeking only to be passable rather than being capable of toughness, never mind neglecting their duties.

At a meeting of leading cadres, with sincere words and earnest wishes, Comrade Jiang Zemin said: "The party has assigned the difficult task of leading the troops to all comrades here. How important the task you shoulder is! The present international and domestic situation does not allow us to slacken our efforts, let alone make major errors. Leading comrades at all levels must meticulously guide and make a careful plan for army building, dedicate themselves to national defense heart and soul, do solid work, and lead the troops in fulfilling their various tasks." This is a requirement not only for leading cadres but also for all Communist Party members and cadres who are party members. We must strive to justify the great trust placed by the party and the people in us and live up to their expectations by our exemplary deeds in working diligently and in a down-to-earth manner and being devoted to our duties.

On Eradicating Corruption

HK1308051493 Beijing JIEFANGJUN BAO in Chinese
17 Jul 93 p 1

[Commentator's article: "Be Model in Combating Corruption and Initiating New Trends—Fifth Comment on Communist Party Members Tempering a Stronger Party Spirit"]

[Text] Communist Party members must be models in opposing all sorts of negative and corrupt phenomena and in carrying forward new socialist trends. This is an issue Comrade Jiang Zemin and other leading comrades of the Central Military Commission have recently stressed. It is also an important content for Communist

Party members to temper themselves in having a stronger party spirit under the new historical conditions.

In the early years of reform and opening up, Comrade Deng Xiaoping sounded the alarm for comrades of the entire party on the question of opposing and preventing corruption and made a thorough and profound elaboration. The fact that Comrade Jiang Zemin has recently suggested that we review the books "Resolutely Deal Blows to Economic Criminal Activities" and "A Speech at a Discussion Meeting of the Central Military Commission," written by Comrade Xiaoping in 1982, has, in particular, supplied us with a powerful ideological weapon to soberly understand and effectively resolve the problem. There are many reasons for the occurrence of corrupt phenomena. Objectively speaking, we are now at a period when the new and old economic structures are changing, when laws and regulations are not yet perfect, when some policy boundaries are not very clear, and when many weaknesses and loopholes still exist in our work and management. All this offers an opportunity to those who wield power to seek personal gain and who break the law and disrupt discipline. Subjectively speaking, since some party organizations do not strictly enforce party discipline or do not do enough in their struggle against corrupt phenomena, coupled with the fact that some party members harbor incorrect motives, corrupt phenomena have not been radically removed despite the fact that the entire party has done a good job and has made some achievements. The Army is part of society and various corrupt phenomena will inevitably have an impact on the troops. Therefore, opposing corrupt phenomena and carrying forward new socialist trends are not only a matter of a locality but also a priority and important task for the Army to consolidate spiritual civilization and is even more an unshirkable duty of the vast numbers of party members in the Army.

In order for Communist Party members to become models in opposing corruption and initiating new trends, they must, in the first place, have a strong sense of urgency. China's socialist modernization has entered a crucial period and eradicating all sorts of corrupt phenomena has become an important issue having a bearing on the life and death of the party and on the success and failure of the modernization drive. The socialist nature of our reforms determines that it and corrupt phenomena are mutually exclusive. Party leaders are the fundamental guarantee for reform and opening up to proceed smoothly. The flesh-and-blood ties between the party and the masses is the source of power for reform and opening up. Only by resolutely removing all corrupt phenomena can we guarantee that reform and opening up can proceed smoothly and develop healthily. All Communist Party members with awareness should courageously stand at the forefront of the struggle against corrupt phenomena with concern for the party, the country, and the people.

In order for Communist Party members to become models in opposing corruption and initiating new trends, they must start from themselves and from now. As their

virtues, Communists should stand up for what is right and remain uncorrupted. Without exception, everyone of them should have clean hands and exercise self-discipline. They must not merely demand others to do this without demanding themselves. They must not blame everyone and everything while bringing themselves out of the trouble. Still less must they glance right and left and drift with the trends. On the question of opposing corruption, all Communist Party members should dare to set the pace and should not fear "coming to grief for the sake of their honesty." Large numbers of facts prove that party members have an exceeding large role to play as leading cadres in acting as models in opposing corruption and initiating new trends. Where a unit does well in this respect, corrupt phenomena does not exist in it and its prevailing practice will be good. On this point, our leading cadres at all levels should have a higher degree of consciousness and set stricter demands on themselves.

To be models in opposing corruption and initiating new trends, Communist Party members must have full confidence. It is not enough to eradicate all sorts of corrupt phenomena with a small number of people. However, the strength of every person is indispensable. As long as everyone does his best, not only by maintaining himself in an uncorrupted state and also by courageously struggling against corrupt phenomena, and when millions of party members take action, all negative and corrupt phenomena are just nothing! Whatever it is, a corrupt phenomenon is unwelcome and its nature is weak and amounts to a "paper tiger." With one corrupt phenomenon removed, people's confidence will be strengthened by a certain degree, and every exemplary deed of a Communist Party member will be an encouragement to strengthening the people's confidence as well as a drive for carrying forward new socialist trends. The CPC Central Committee is very determined about imposing punishments for corruption and the masses have an exceedingly intense hatred for corrupt phenomena, thus forming a powerful force of public opinion. Therefore, we have every reason to be fully confident about removing corrupt phenomena and carrying forward new socialist trends.

Zhejiang's Li Zemin Addresses Army Day Forum OW1208134293 Hangzhou ZHEJIANG RIBAO in Chinese 1 Aug 93 p 1

[Dispatch by reporter Liu Shanqing (0491 1472 7230): "The Province Holds Army-Government Forum Marking '1 August'"—ZHEJIANG RIBAO headline]

[Text] Yesterday afternoon, the province held an army-government forum to mark "1 August" Army Day. Party, government, and military leaders from the province happily got together to warmly celebrate the 66th founding anniversary of the Chinese People's Liberation Army [PLA].

At 1500 [local time], Li Zemin, Ge Hongsheng, Wan Xueyuan, Wang Qichao, Xu Yongqing, Liu Xirong, Li Jinming, Lu Zhangong, Liang Pingbo, Liu Yifu, Xu Xingguan, Mao Zhaoxi, Xu Zhichun, Sun Jiaxian, Yang Shijie, Chen Yuexing, Wang Changgui, Yuan Xinghua and other party, government, and military leaders drove to a shooting range in the western suburbs of Hangzhou for firing practice with pistols, rifles, submachine guns, and light machine guns, braving the scorching sun on a hot summer day. Later, leaders from the province inspected the Hangzhou military subdistrict's chemical warfare defense training center and heard briefings on nuclear, biological, and chemical weapons.

Xu Yongqing, standing committee member of the provincial party committee and political commissar of the provincial military district, presided over the forum and gave briefings on construction of the province's military reserve forces.

At the forum, Li Zemin, on behalf of the provincial party committee and government, extended holiday greetings to the broad ranks of officers and men of the army, navy, and air force, and armed police stationed in Zhejiang; and expressed heartfelt thanks to PLA units stationed in Zhejiang for their great support for the province's reform and opening up, and building of the two civilizations. He said: In these years, under the new situation of reform and opening up, the provincial military district has earnestly conducted investigations and surveys; successfully built a militia and reserve service; and made significant achievements in much work that has earned the affirmation of the PLA general departments and Nanjing Military Region. Every year, the broad mass of militia, officers and men of the provincial military district, and PLA units stationed in Zhejiang fight in the forefront of flood-control and providing disaster relief, and they make positive contributions. Party committees and governments at all levels should, as always, provide services and logistic support for army building, and work hard to help solve various practical problems in the building of army units and reserve forces.

Wan Xueyuan said: It is very good to celebrate "1 August" Army Day like today. For us, this is not only a military learning activity, but also vivid, concrete, and real national defense education. Zhejiang holds a very important strategic position militarily. Cadres in Zhejiang, leading cadres at all levels in particular, should be more concerned with the national defense construction. We should continue our work in supporting the army and giving preferential treatment to families of revolutionary armymen and martyrs. Recently, the provincial government formulated a 10-point policy on supporting army units stationed in Zhejiang to develop the economy. The policy should be truly implemented. Departments concerned should make this task a success.

Also present at the forum were responsible comrades from departments concerned of the province and cities, and the Hangzhou military subdistrict.

Economic & Agricultural

Qiao Shi on Economic Control on Yunnan Tour

OW1308131093 Beijing XINHUA in English 1247
GMT 13 Aug 93

[Text] Kunming, August 13 (XINHUA)—Qiao Shi, a top Chinese leader, said improving macro-economic regulatory controls is designed to deepen reforms, open China wider to the outside world and enable the national economy to grow better and faster.

Qiao, chairman of the Standing Committee of the National People's Congress, China's legislature, began inspecting Kunming, the capital of southwest China's Yunnan Province, after returning to China Wednesday [11 August] from a tour of five Southeast Asian countries.

Qiao said that measures taken to tighten macro-economic regulatory controls by the central authorities are "scientific policy decisions" compatible with the current economic situation in China, and added that all localities must thoroughly implement them.

The measures are intended to prevent China's economy from fluctuating steeply and make it possible for the economy to maintain "sustained, rapid and healthy growth."

In the current situation of tight money supply, all localities must concentrate on the construction of infrastructure and top-priority facilities, said Qiao, who is also a member of the Standing Committee of the Political Bureau of the Chinese Communist Party Central Committee.

Qiao asked local officials to be concerned with production and the livelihood of farmers. "No matter how tight the money supply is, we must ban the issuance of IOU notes to farmers for the purchase of their farm and sideline products," he noted.

While visiting the ongoing Kunming export commodities fair, Qiao said that an excellent situation in terms of reform and opening to the rest of the world now prevails in southwest China.

"This also shows that tightening macro-economic regulatory controls will not adversely affect the reform and opening up," he said.

He expressed the hope that Yunnan Province will become a "passage and window" for southwest China in opening to the outside world by giving full play to the province's geographical advantages.

According to Qiao, Southeast Asian countries are interested in expanding economic and trade cooperation with Yunnan. "So Yunnan should join hands not only with provinces and autonomous regions in southwest China,

but also with coastal provinces and municipalities, in increasing economic and trade ties with Southeast Asian countries," he said.

Wen Jiabao Discusses Relations With Farmers

OW1308133493 Beijing XINHUA in English 1316
GMT 13 Aug 93

[Text] Beijing, August 13 (XINHUA)—Wen Jiabao, a senior leader of the Chinese Communist Party, has called on party members to closely investigate rural areas and redouble efforts to forge closer ties with the nation's 900 million farmers.

On August 11, Wen, an alternate member of the Political Bureau of the party Central Committee, met with members of the China rural, social and economic survey team and congratulated them on the 10th anniversary of the founding of the team.

Wen said the team has provided an abundance of data, advice and information to the party and government to help in making correct policy decisions. He also praised the team for its important role in promoting rural reforms and development.

He called on leading officials at all levels to go to grass-roots units to make thorough investigations of the many problems that have cropped up in the farming sector and rural areas.

Only thorough investigations will make it possible to stimulate growth in the farming sector and improve the party's work in the countryside, said Wen, who is also a member of the Secretariat of the party Central Committee.

According to Wen, close attention must be paid to three issues in rural work and investigations in rural areas.

The first issue is to implement the party Central Committee's policies and measures to strengthen agriculture and improve rural work, and protect and arouse farmers' initiative in production.

The second is to take comprehensive measures to improve groundwork in the farming sector for sustained growth and stabilize the sector's status as the foundation of the national economy.

The third is to deepen the rural reforms and develop a modern farming industry that is compatible with a socialist market economy.

Wen said, "to bring closer ties between the party and farmers, we must solicit farmers' opinions and comments, do pragmatic things for them and solve the prominent problems they resent."

To this end, it is imperative to pay farmers cash for the purchase of their farm and sideline products, to take all possible measures to relieve farmers' financial burdens,

to provide farmers with good information, technical and marketing services, and to improve public security order in rural areas.

'Official': Credit Policy To Hurt Small Firms

OW1308133193 Tokyo KYODO in English 1259 GMT
13 Aug 93

[Text] Beijing, August 13 KYODO—The newly implemented tight credit policy of the People's Bank of China, China's central bank, will have an adverse effect on most small and medium-sized processing enterprises, a Chinese official said Thursday [12 August].

The deputy mayor of the central Chinese city of Wuhan, Wu Houbo, said the credit crunch will adversely effect enterprises dealing in food processing, light industry, electronics and textiles, the CHINA BUSINESS TIMES reported Friday.

Such industries need credit to buy raw materials and to update often backward and outmoded technology.

The new credit policy, implemented in mid-July to help cool China's fast paced economy, has arbitrarily restricted credit across the board, except in the fields of basic agricultural purchases, key state infrastructure projects and large-scale state-run heavy industry.

The policy, also aimed at clamping down on a largely unregulated banking industry, has inadvertently affected those customers who have a good credit record, analysts say.

The credit crunch will also have an adverse effect on Wuhan's fledgling real estate market as developers have been dependent on bank loans to develop property, Wu said.

Internal Trade Minister on Circulation Reform

HK1308091693 Beijing RENMIN RIBAO in Chinese 2
Aug 93 p 2

[Dispatch by reporters Pan Gang (3382 1511) and Yang Bo (2799 0514): "Internal Trade Minister Zhang Haoruo on In-depth Circulation System Reform"]

[Text] Beijing, 1 Aug—During an interview with reporters the other day, Internal Trade Minister Zhang Haoruo talked about reform and development of the circulation system. The minister called for accelerating the reform of the circulation system, building a nationwide market, developing nationwide trade, invigorating nationwide commodity circulation, and guaranteeing better services for both economic construction and people's livelihood. The minister said that at a time when the ministry of internal trade was being set up, it was imperative to make every possible endeavor to accomplish these tasks.

Zhang Haoruo pointed out: In the past, nationwide commodity circulation was the responsibility of several

state ministries. For instance, the Ministry of Commerce was in charge of the circulation of subsistence means, while the Ministry of Materials and Equipment was in charge of circulation of production means. Since fundamental changes took place in the distribution structure of the nationwide circulation system, subsistence means and production means have entered the market step by step. Nonetheless, there still exist certain barriers and blockage between regions and departments. Those barriers and blockage are a legacy of the old structure. Moreover, existing circulation channels should also be further smoothed out, socialized, modernized, and improved in an all-around manner. In view of this situation, the newly established Ministry of Internal Trade should try, first and foremost, to speed up circulation system reform. To this end, first, it is imperative to make continued efforts to pull down all existing barriers hampering commodity circulation between regions and departments, integrate production means trade with subsistence means trade, establish a pluralistic circulation structure with the state-run circulation enterprises as the mainstay, and promote unified commodity circulation in both urban and rural areas; second, as both varieties and quantities of commodities under the state mandatory distribution quotas are being gradually reduced, it is imperative to create better conditions for the state to order goods and materials and establish a unified ordering system; and, third, it is imperative to deepen industrial consumer goods purchases and marketing structural reform as well as farm and sideline products purchases and marketing structural reform, industrial consumer goods wholesale structural reform in particular, thereby eradicating maladies left over by the old structures and extricating nationwide circulation from a predicament.

In view of an underdeveloped domestic market and the arduous task of building a commodity market, Zhang Haoruo stated: The purpose of building a commodity market system is to build a multilevel, multifunctional, highly efficient, and unobstructed commodity market system that can be regulated and controlled. In this regard, national and transregional wholesale markets as well as futures markets will form the pivot of the commodity market system, while regional wholesale markets and wholesale networks will form the backbone of the commodity market system. In addition, developed marketing networks will form the foundation of the commodity market system. The commodity market system will converge with the international market system. To build such a commodity market system, the Ministry of Internal Trade must further improve market planning, organization, building, and management; improve distribution of key national and regional commodity wholesale and futures markets; and focus on building a number of influential big markets and big futures markets covering most parts of the country. In addition, the ministry must try to build a high-grade, comprehensive, and nationwide market information network and a multilevel and pluralistic market information service system as well. The ministry must waste no

time in working out a series of market rules and regulations as well as a series of important rules and regulations governing commodity circulation and market management. The ministry must promulgate relevant rules and regulations as soon as conditions are ripe.

Zhang Haoruo stated that as the State Council's functional department in charge of the nationwide commodity circulation, the Ministry of Internal Trade must step up macroeconomic regulation and control of circulation of commodities, especially certain essential production means and subsistence means heavily affecting both the national economy and the people's livelihood. The Ministry of Internal Trade must also efficiently organize both import and export of all essential commodities and continue to impose mandatory quotas on a number of essential goods and materials. Moreover, the Ministry of Internal Trade must guarantee an efficient supply of goods and materials to military enterprises, major construction projects, disaster relief projects, and helping-the-poor projects, and ensure that the state will always keep a sufficient amount of essential commodities in reserve.

Vice Minister Views New Enterprise Systems

HK1308120793 Beijing *RENMIN RIBAO* in Chinese
25 Jul 93 p 2

[Article by Yang Songtang (2799 2646 1016) and Liu Xianri (0491 7639 2480): "Implement the 'Regulations' and Set Up New Enterprise Systems—Interviewing Hong Hu, Vice Minister of State Commission for Restructuring the Economic System"]

[Text] The "Regulations on Changing the Operational Mechanism of State-Owned Industrial Enterprises" has been promulgated for one year. How is the situation of its implementation?

Recently, we had an interview with Hong Hu, vice minister of the State Commission for Restructuring the Economic System, on relevant problems concerning the implementation of the "Regulations."

Hong Hu said that the party Central Committee and the State Council have attached great importance to the implementation of the "Regulations," regarding it as a central task for the current enterprise reform. Various departments and localities have achieved a common understanding on this issue and have worked out methods and coordinating regulations for the implementation in light of their specific situations. They have also made positive efforts to check the old laws and regulations which are not in conformity with the "Regulations" and established a series of systems for implementing the "Regulations." In the course of implementing the "Regulations," the departments concerned have achieved initial success in exploring the process and method for changing the operational mechanism of enterprises.

Changing both government functions and enterprise operational mechanisms simultaneously is a major characteristic of the implementation of the "Regulations" over the past year or so. After the promulgation of the "Regulations" on 23 July last year, the 14th CPC National Congress further clarified the objectives of economic structural reform and the orientation and targets of reform of the state-owned enterprises. The implementation of the "Regulations" was regarded as a basic task for developing a socialist market economy. Generally speaking, the current development trend is good.

But the development is uneven in various localities. Some localities have not yet closely linked the implementation of the "Regulations" with establishment of new enterprise mechanisms. In their reforms, things are still not coordinated with one another. Especially the work of changing government functions has lagged behind. Therefore, it is necessary to combine establishment of a socialist market economy with the implementation of the "Regulations" and establishment of new enterprise systems.

A reporter asked: How do we gain a correct and comprehensive understanding of the essence of the "Regulations"?

Hong Hu replied: It is desirable to regard the decision-making power of the enterprises as a breach in implementing the "Regulations", but it is wrong to think that the "Regulations" has been fully and successfully implemented simply because the 14 decisionmaking powers stipulated by the state have been granted to enterprises. The purpose of granting enterprises decisionmaking powers in operation is to change the operation form of state-owned enterprises and establish a new enterprise system so that enterprises can have a new mechanism and become real entities of legal persons suited to the market economy and the main body in market competition. To put it more accurately, there are great differences in meaning between "changing enterprise operational mechanisms" and "changing operational mechanisms by enterprises." The former includes actions taken by both the government and the enterprises, or the "two changing's" as people have often said, namely, the government changing its functions while the enterprises change their operational mechanisms. To the government, to return power to the enterprises is just the first step, which should be followed by a second step—changing functions; to the enterprises, to effectively use their decisionmaking power is just the first step, which should be followed by a second step—changing operational mechanisms.

A reporter asked: What is the ultimate purpose of implementing the "Regulations" and carrying out reforms in state-owned enterprises?

Hong Hu replied: The purpose of implementing the "Regulations" is to push state-owned enterprises into the market so they can really become entities of legal persons

and the main body of market competition capable of carrying out independent operation, assuming sole responsibility of profits and losses, conducting self-restraint, and developing themselves. It is thus necessary to change the past practice of "following the government" into a practice of "following the market." In this change, both the vigor and economic returns of the enterprises can be increased and state-owned enterprises will be able to play greater roles in the national economy.

Hong Hu believed that the new enterprise systems will form a new basis for the new economic structure. The new systems should include at least the following:

1. **A new "system of enterprise ownership and management."** This system is linked with capital input and is, in reality, a system with binding force reflecting property relations. Being a legal person, the enterprise has certain legal capital. Those who put in capital funds form the main body of the enterprise property and enjoy the rights and interests of the enterprise owner. They exercise responsibilities and functions of the main body of ownership and management, the right of operation, and the property right of a legal person to the full, that is, the enterprise's right to possess and use the state-owned assets and to give punishment according to law. At the same time, the enterprise is also the main body of investment. Having the right over the capital input, it is in a position of the main body of the property right. In China, the state is the owner of state-owned enterprises and grants the right of management to enterprises. Thus, enterprises have the property rights of a legal person which are independent of and linked with ownership. At the same time, the owner preserves the right of obtaining benefits and the most important right of giving punishment. This kind of relations between ownership and management ensures the rights and interests of the owner while ensuring that managers can fully exercise their right of independent operation.

2. **A new "enterprise financial and accounting system."** The rights and interests of the owner and manager are reflected by the financial and accounting system of the enterprises. Although we have been stressing the necessity of preserving and increasing the value of state-owned assets, in practical work, we have usually paid attention only to the total assets to the neglect of the enterprise liabilities. In fact, all the rights and interests of the owner are equal to total assets after deducting liabilities. The rights and interests of the owner are only a net concept of assets. But in the past, our financial and accounting system could not reflect such relations. The two "general rules" ("General Rules of Enterprise Finance" and "General Rules of Enterprise Accounting"), which are being carried out now, are in conformity with the demands of the development of a market economy and of international practice. By implementing these rules, the operational situation of enterprises can be accurately reflected, the rights and interests of the owner can be effectively ensured, and financial and accounting systems within the national boundaries can

be unified, which is conducive to creating an environment of fair competition for all kinds of enterprises.

3. A new "enterprise organizational system." The most popular organizational form of enterprise in the market economy is the form of company, which can better reflect the relations between ownership and management of modern enterprises. Under this organizational form, a management structure of collective policy making and division of work with individual responsibility can be more easily established. Most of the companies are joint investment companies. There are also some under individual proprietorship, which are companies with limited responsibilities. In reform of China's state-owned enterprises, this organizational form can also be taken as a reference.

4. A new "enterprise management system." The management system covers a wide range of fields, including personnel, finance, materials, security, and quality. A new enterprise management system is a system suited to the needs of the market economy, under which the major productive elements can be optimized and rationally allocated through the market. At the same time, it is a system to enable the enterprises to obtain full competitiveness.

Hong Hu also held that we should not judge whether an enterprise has changed its operational mechanism or not merely by its short-term economic returns. Instead, a concrete analysis should be made of economic returns. There are many factors affecting an enterprise's economic returns, such as price, market environment, accounting system, and so forth. With the establishment of a market economy structure, it is necessary to gradually create an environment of fair competition. There will be decreasing preferential measures toward certain enterprises, localities, or trades. Only by implementing the "Regulations" accurately and in a comprehensive way and by changing the operational mechanism of enterprises can we bring about a fundamental change, and only by establishing new enterprise systems and mechanisms in enterprises will our state-owned enterprises be able to withstand the test and remain firm amid the sharp competition of the market economy.

In conclusion, Hong Hu emphasized that effective implementation of the "Regulations" is not something to be completed overnight. It is necessary to do a great deal of meticulous work from now on. Now that the general objectives of reform have been clarified, while working out reform measures, we must pay attention to attaching greater attention to the building of systems and their convergence with general objectives.

State Council Adopts Measures on 'Debt Chains'

HK1208135393 Hong Kong CHING CHI TAO PAO in Chinese No 30, 2 Aug 93 p 29

[From "China Economic News" Column: "State Council Works Out Measures To Prevent New Debt Chains"]

[Text] It was learned that due to the current financial disorder and irrational flow of funds, a large number of enterprises in many parts of China are suffering from lack of funds. In consequence, "triangle debts" are cropping up once again and posing a serious threat to the normal production. In view of this rigorous situation, the State Council Leading Group for Settling Triangle Debts has of late hammered out a series of measures aimed at preventing new triangle debts from occurring, mainly including:

- Exercising strict control over the fixed assets investment scale and maintaining unity between investment decisions, on the one hand, and projects examination and approval as well as project-related responsibilities, on the other. Provinces, cities, and departments that fail to provide projects with construction funds on schedule, but instead get entangled in new debt chains must have their own capital construction scale, technical transformation investment scale, and bank loan scale reduced the following year;
- Enterprises that fail to honor their annual loan repayment scheme must not be allowed to embark on new development projects. Banks have the right to order such enterprises, in accordance with the loan repayment agreements they have signed, to repay the loans with their self-raised funds or funds earmarked for investment projects the following year. Once the enterprises are found unable to repay loans, banks have the right to order the provinces, cities, or departments to which the enterprises are affiliated to repay the loans from their fixed assets investment funds;
- In the future, all state appropriations, state bank loans, and all sorts of foreign loans borrowed for the purpose of fixed assets investment and with repayment guaranteed by the governments at all levels (governments acting as guarantors) should be audited by the state auditing organs before any investment decisions are made and any investment projects built. The state auditing organs will mainly be responsible for verifying rationality and reliability of the sources of such funds (especially self-raised funds). Therefore, various departments concerned must stop approving any unverified projects while various construction enterprises must stop building any unverified projects.
- Speeding up final bank accounting system reform, properly guiding commercial credit behaviors, and basing credit behavior among enterprises on contracts, bills, and notes.

Economist on Reforming State-Owned Economy

HK1308122093 Beijing GUANGMING RIBAO in Chinese 27 Jul 93 p 3

[Article by Wei Jie (7614 2638), director of the Economics Department of China People's University: "Comprehensively Reform State-Owned Economic Structure"]

[Text] Being a dominant part of China's national economy, the state-owned economy reflects in a most concentrated form the demands of the planned economy. Therefore, reforming the state-owned economy system in accordance with the demands of the market economy is an important content of China's establishment of a new socialist economic system. Judging from the demands of the market economy, the state-owned economy must undergo major changes in the following four fields.

Change in the Main Body Representing the Ownership of the State-Owned Economy

Under conditions of a planned economy, the government is the main body representing ownership of the state-owned economy. This is called an administrative main body representing ownership. Such an main administrative body representing ownership has given an administrative nature to the state-owned economy in the following three aspects: 1) It has given enterprises administrative status. This means that the state-owned economic sectors have completely become subsidiaries of the government and are given different administrative grades, for example, enterprises are divided at the county-regimental level, prefectoral-divisional level, and provincial-army level; 2) economic operation has been put under administrative management. This means that operation of the state-owned economy has been completely put under administrative management; while operative activities such as investment and development of new products are totally controlled by the government; 3) the economic operational structure has been turned into an administrative structure. This means that with its central and regional management system, the government has also put the economy under management along administrative lines of division, thus giving rise to administrative blockade as well as barriers between higher and lower levels and between different departments or regions. All these have made it impossible for the state-owned economy to operate in line with the demands of the market economy; as a result, the state-owned economy lacks proper vitality. That is why we must turn the main body representing the ownership of the state-owned economy from an administrative body into a non-administrative one.

People in theoretical circles have basically reached a consensus on turning the main body representing the ownership of the state-owned economy from an administrative body into a non-administrative one. What matters now is in what form we should establish a non-administrative main body representing the ownership of the state-owned economy. Some comrades suggest setting up a nongovernmental state-owned economic committee, while others propose the establishment of a nongovernmental committee for the rejuvenation of the state-owned economy. All these suggestions can be discussed and considered. What counts now is not the form, but that we should by no means allow the government to become the main body representing the ownership of the state-owned economy for the second time. Instead, we

should give form to a non-administrative main body representing ownership of the state-owned economy.

Change in the Possession Form of the State-Owned Economy

The state-owned economy is in two formations: One is the formation in kind, the other is the formation in value. Under the conditions of the planned economy, the state-owned economy mainly takes the form of possession in kind. Under the market economic conditions, however, what bears significance is the form of possession in value. Therefore, the existing form of possession of the state-owned economy is unsuited to the demands of a market economy. For instance, since the state-owned economy adopts the form of possession in kind, state-run enterprises have no autonomy to dispose of their idle assets, thus giving rise to extremely great waste. Another example shows that since the state-owned economy takes the form of possession in kind, an evaluation must be conducted on the wear of machines and equipment when a reappraisal on stocks and assets of enterprises is conducted. However, since such evaluation does not enjoy scientific ground, people find no way to carry out such a reappraisal under the state-owned economy.

The possession form of the state-owned economy must change from kind to value. This means that the state-owned economy will no longer be evaluated by the quantity of materials it holds in its hands but by the amount of value it possesses. This change in the form of possession can, on the one hand, enable the state-owned economy to withdraw from those fields which have proved unsuitable for operation, cast off heavy burdens, and obtain greater vitality; and, on the other hand, allow the state-owned economy to gain sufficient financial strength to readjust the economic structure, and thus ensure the rationalization of the structure. From this we can see that a change in the possession form of the state-owned economy is inevitable under the conditions of the market economy.

Change in the Form Taken by the State-Owned Economy in Realizing Its Dominant Position

No matter whether it is under planned or the market economic conditions, the state-owned economy remains the dominant part of China's national economy, and the leading position of the state-owned economy will not change with the change from a planned to a market economy. However, the form taken by the state-owned economy in realizing its dominant position is different under market economic conditions from the way it was under planned economic conditions. Under planned economic conditions, the state-owned economy realized its dominant position through its superiority in quantity in the entire national economy. This was the so-called dominant position on the basis of quantity. Under the market economic conditions, however, it is through its possession of leading industries as well as its superiority in system that the state-owned economy realizes its

dominant position. Therefore, it is a dominant position on the basis of guidance. Alongside the transition from a planned to a market economy, the state-owned economy should, I believe, shift its dominant position from stressing quantity to guidance. Such a change will inevitably reduce the proportion of the state-owned economy in the entire economy. A positive approach we should adopt is to enable the state-owned economy to possess leading industries and give play to its superiority in system through structural reforms. In the end, we can succeed in enabling the state-owned economy to realize its dominant position on the basis of guidance.

Change in the System of State-Owned Enterprises

Because the operation of the state-owned economy is ultimately realized through state-owned enterprises, the change in the state-owned economic system should therefore be realized through change in the system of state-owned enterprises.

Under the market economic system, reform of the state-owned enterprise system mainly features the following changes: 1) Change in the equity system. This means that the former equity system combining ownership, right to control, and decisionmaking power in operation and management will be changed into one characterized by the separation of these three rights. 2) Change in the relationship between enterprises and their workers and staff. In the past, it was the responsibility of enterprises to take care of the social welfare of their workers and staff, including housing, health care, education, employment of their children, and even nursery enrollment of grandchildren. Such a relationship between the two will be changed into a unitary relationship of wages in the future. That is to say, instead of undertaking all social functions, enterprises will only exercise their own functions in operation. 3) Change in the internal organizational structure of enterprises. This means that previous relationships among the operational system, the party organizational system, and the masses of workers in an enterprise will be changed from a relationship unsuitable for operation and management of the enterprise to one that is well-coordinated and favorable to operation and management.

Only when the aforementioned three changes are accomplished can state-owned enterprises really become the main body of the market and can we ensure that the state-owned economic system really meets the demands of the market economy and can develop with great vigor.

Market Economy, Financial Reform Discussed

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Article by Xiang Jingquan (7309 6975 3123) of the Financial Sciences Research Institute under the Ministry of Finance, edited by Lu Wen (7120 2429), written in

March 1993: "Establishing a New Socialist Market Economy Structure and Reform of the Financial Administration"]

[Text] 1. The Financial Administration Must Be Shifted to the Completely New Track of a Socialist Market Economy Through Reform

Establishing a new socialist market economy structure is a systematic task of engineering which will involve all sorts of political and economic aspects. Financial administration will be an integral aspect of this systematic engineering, and it will be necessary to carry out overall reforms in accordance with the demands of the socialist market economy.

Carrying out reform of the financial administration in accordance with the demands of the market economy generally includes the following four aspects:

1. Transforming the functions of the financial administration. Financial administration functions are those intrinsic to financial administration itself. While there might be some changes in these subsequent to changes in the modes of social production, the basic functions will not change. When we speak of transforming functions, it does not mean that we want to expand the functions, and even less do we want to reduce the functions. Rather, it means changing the functions in accordance with the demands of the socialist market economy. This is because in the past, the functions of financial administration were brought into play in accordance with the demands of a highly centralized and unified planned economic system. Over the last 10-plus years, although reform has brought major changes, we are still very far from meeting the demands of the market economy. Thus, there is a need to carry out further transformation. Seen in terms of the distribution functions of the financial administration, in the past these were carried out mainly in accordance with the demands of unified receipts and expenditure, and there was stress on distribution through direct budgetary receipts and expenditure. It was too inclusive, and even much expenditure which should have been jointly borne by individuals and society came within its gamut. Changing this situation requires that, in accordance with the demands of socialized large-scale production and large-scale circulation, and in accordance with the principle that the "six deductions" and "three major funds" (compensation funds, consumption funds, and accumulation funds) in society form rational ratios and stress both fairness and efficiency, we must pay attention to socialized distribution and bring about a change to the situation whereby there is stress on direct distribution through budgetary revenue and expenditure, and where too much is included in the duties of the financial administration. Now, let us look at the regulatory functions of the financial administration. In the past, regulation was carried out in accordance with the demands of planned deployment of resources. However, as division of work between departments was not clear, there was insufficient coordination between such departments, and there

was only a unitary regulatory means, so financial administration was unable to bring its regulatory role properly into play. Transforming the regulatory functions of the financial administration in accordance with the demands of a socialist market economy requires that, in accordance with the requirement that the market play a basic role in resource deployment, we employ the method of regulation through market mechanism to engage in transformation. Let us also look at the management and supervisory functions of the financial administration. In the past, the functions of the financial administration as owner of state assets and its social management functions were rolled together, and government and enterprise functions were not separated. In addition, it was often the case that administrative measures were used to carry out its functions. Thus, the financial administration managed the activities of state enterprises to an excessive degree and too tightly, while it gave insufficient attention to macroeconomic management and put insufficient effort into supervision. Transforming the management and supervisory functions of the financial administration in accordance with the demands of the socialist market economy requires that, in accordance with the need to separate government and enterprise functions, and on the basis of scientifically dividing the functions of the financial administration as owner of state assets from its functions as social manager, we ensure that both functions are strengthened. In accordance with market economy principles, there is a need to realize the task of maintaining and increasing the value of state-owned assets and, orienting towards the overall society, a need to do well in the management and supervision of the various types of enterprises, economic activities, and social undertakings. Also, it will be necessary to comprehensively use economic, legal, administrative and educational measures in order to provide standardized management and supervision.

2. Reforming the operational mechanisms and management system of the financial administration. What is meant by operational mechanisms here are mainly elements related to the management system of the financial administration. For example, a contract is both a mechanism and a system. Carrying out reforms in terms of the operational mechanisms and management system of the financial administration will involve many aspects, including reform of the tax system, reform of the state assets management system, reform of the relationship between state-owned enterprises and the state, reform of the system of budgetary management, reform of the system of state investment, reform of the system of financial credit, reform of the system of financial subsidies, reform of the system of financial accounting, reform of the system for managing the various types of appropriations, reform of the wage management system, reform of the social security system, reform of the real estate management system, and so on. Many of these operational mechanisms and management systems were formed at a time when stress was placed on the planning mechanism, the market mechanism was ignored, and a

highly centralized planning system and a system of unified financial receipts and expenditure were in place.

Although reforms in recent years have changed this situation in some respects, they have been far from enough. It is necessary to further deepen reform in accordance with the demands of the market mechanism and the market economy system. For example, the current enterprise income tax system has been established on the basis of different ownership systems. The income tax for state-owned enterprises is quite heavy, while the income taxes for enterprises under other ownership systems is quite light. This is very different from the principle of equal competition required by the market economy. Thus we need to carry out reform of the existing enterprise income tax system in accordance with the principles of fair tax burdens, standardized distribution relationships, and unified income tax. Also, while the system of enterprises contracting to hand up a certain volume of profits does play a definite role in motivating enterprises' operational enthusiasm, the decision on the amount of profits to be handed up is reached through "one-on-one" bargaining. If it is not too little, it will be too much, and there is a lack of objective quantitative standards to be accorded with. This restrains the financial administration and also seriously obstructs the equal competition between enterprises, which leads to enterprises assuming profits but not assuming losses and to widespread short-term activities. We should, in accordance with the market economy principles of fair tax burdens, self-responsibility for both profits and losses, and benefits accruing to those who invest, implement the reform of separate streaming for taxes and profits, so that the distribution relationship between the state financial administration and the state-owned enterprises is transferred to the market mechanism and the market system. Also, the existing budgetary management system is a revenue and expenditure contract system based on "eating in separate kitchens." While this operational mechanism and management system plays a positive role in stimulating local governments to take responsibility for their own finances, the financial income is divided on the basis of enterprises' jurisdictional relationships. This is not beneficial to thoroughly transforming government functions, and not beneficial to pushing enterprises towards the market. Also, this results in local governments deploying the productive forces one-sidedly on the basis of increasing local income. This gives rise to duplicate production, duplicate construction and duplicate importation which violate state industrial policies. It also gives rise to regional blockades and affects the development equilibrium between regions.

It is necessary, under the precondition of correctly dividing the jurisdictions of the central government and the local government, to implement a system of separated taxes so that both the central and local governments have specific tax types on which they can rely for revenue. Implementing this type of transformation of the structural mechanism and management system will

be beneficial to urging the various levels of government to deploy resources and scientifically standardize the distribution relationship between the central authorities and the localities in accordance with the demands of the market economy. It will also promote balanced development between regions and coordinated development of the national economy.

3. Perfecting and strengthening the macroeconomic regulatory and control role of the financial administration. The financial administration participates in the entire process of distribution of total social product and national income, and it is an important lever in regulating the economy. Thus, the financial administration will naturally be a major player in the state's macroeconomic management and regulation. This requires that through reform the financial administration gradually frees itself from microeconomic management duties, and that it truly assigns all microeconomic activities, especially matters within the scope of enterprise autonomy, to the enterprises themselves to administer. It must do well in all macroeconomic management and regulation and control tasks, including: Through the financial administration's social distribution measures, guaranteeing the funds needed for normal operation of government organs and for all public expenditure of the society and key state construction; through the coordinated use of financial policies and money policies, regulating the balance of total social supply and demand and coordinating the overall structure; through various economic levers, such as budgets, taxation, financial subsidies, financial credit and so on, promoting the optimal deployment of production factors and the rationalization of the industrial structure; and in accordance with the principle of placing equal stress on fairness and efficiency, regulating the various distribution relationships among the state, enterprises and individuals, and among various regions, various enterprises and various individuals, so as to achieve fair distribution in society and an improvement in economic efficiency.

4. Doing well in financial service and supervision. This is a requirement for transforming government functions in accordance with the principles of a market economy, and also a requirement for guaranteeing and promoting the healthy development of a market economy. This requires that through organic reform the financial administration changes the work method of the past which mainly relied on administrative management, brings into play its advantages in terms of wide-ranging knowledge, swift access to information, wide links and great familiarity with policies, laws and regulations, and does well in providing to enterprises diverse services including assistance in boosting production and increasing sales, resolving economic disputes, assessing the feasibility of decisions, doing well in assets appraisal and credit grading. At the same time, through strengthening the financial legislation program and building an overall supervisory system including financial administration, taxation, state assets management, financial services, accounting and auditing services, it will be possible to

strengthen inspection and supervision work in respect of actions which violate law or discipline, such as violations of financial laws, tax evasion or tax avoidance, embezzling funds, defaulting on loans, practicing fraud or engaging in graft, and thereby safeguard the normal order of the market economy.

The above are the reform requirements put forward to the financial administration by the establishment of a new socialist market economy system. Only by carrying out reform in accordance with these requirements will the financial administration be truly able to bring its role into play.

2. The Extremely Important Position of Reform of the Financial Administration in the Establishment of a New Socialist Market Economy Structure

Reform of the financial administration is not only a demand for financial administration itself to accord with the development of a market economy, but rather has major significance in establishing a new socialist market economy structure. This is particularly so in the following aspects:

1. Reform of the financial administration is a major element in fostering, improving, and developing a market system. Without a complete market system, it will be impossible to establish a new socialist market economy structure. If we want to foster, improve, and develop a socialist market system, financial reform will play a major role. This role will be manifested in two ways—directly and indirectly. The direct role involves, through reform of the financial administration, promoting the improvement and development of a production factors market. For example, financial credit is an important component part of the funds market. This is because a market economy needs not only bank credit and commercial credit, but also financial credit. However, while our country's existing financial credit has begun to shake free of the old method under the planning system where it was purely used to balance revenue and expenditure in the budget, and administrative measures were used to apportion subscriptions, it is still not in accord with the demands of developing a funds market and is far inferior to that of the developed market economy states. Thus, it is necessary to further improve and develop it through reforms, which will include expanding the various types and scales of financial credit, and reforms by which to improve the primary and secondary state bond markets.

Regarding the real estate market, while there have been developments in recent years, these have been insufficient and very random. A major reason for this is that the market has been subject to the restrictions imposed by a shortage of funds and by the management system. This needs to be developed through reform. Financial information is also a component part of the financial market and at present, even before a market has been formed, there is a need to foster and develop it. The indirect role refers to how, through financial reform, we

must promote the further improvement and development of some production factor markets. For example, in the commodity market, if we are to completely free some important agricultural products and means of production and have them enter the market, we need to rely on price reform and the reform of the financial subsidy system to promote this. Other aspects such as the development of technology and labor markets must also rely on the further reform of scientific and technical operational management systems and wage systems which are related to the financial budgets and financial management. From this we can see the importance of reform of the financial administration in fostering, improving and developing the role of the market system, and recognized that the further reform of the financial administration will condition the improvement and development of the market system.

2. Reform of the financial system is an important element in promoting the full bringing into play of the role of the market mechanism. Developing a market economy requires the full bringing into play of the role of the market mechanism, including the roles of the mechanism of competition, the risk mechanism, the pricing mechanism, the interest rate mechanism and the wage mechanism. The reform of the financial administration will be very important in the full bringing into play of [words indistinct]. For example, if we want to fully bring into play the role of the mechanism of competition and the risk mechanism, an important condition is the creation of an objective environment of fair competition, as well as the provision of social security for the staff and workers of enterprises which are sent bankrupt through being defeated in competition, so as to maintain the basic livelihood of the staff and workers and the stability of society. Both these elements should, to a great degree, be provided through reform of the financial administration.

For example, as has been noted above, the existing enterprise income tax system is divided on the basis of the ownership systems which the enterprises fall under, and the present system of contracted profits to be handed up by state-owned enterprises involves setting the figure through unstandardized "one-to-one" discussions, which means that the figure is at times too low and at other times too high, and that the burdens are not shared fairly. The current financial accounting system is also divided on the basis of different ownership systems. These elements all obstruct equal competition between enterprises and it is necessary to carry out reform. The social security system has financial distribution as its main element. Although in recent years some developments have been achieved in reforming this system, there is still much to be done. In particular, many problems still exist in the areas of fund-raising, funds use, and funds management, and there needs to be further reform. Only by doing well in further reforming these areas will we be able to truly bring into play the roles of the market competition mechanism and the risk mechanism. Otherwise, these will just be empty words.

Also, bringing into play the roles of the pricing mechanism, interest rate mechanism, and wage mechanism is also directly related to financial subsidies, financial credit, and a wage system which links wages and efficiency. If we do not carry out reforms in these areas, it will be very difficult to fully bring into play the roles of the pricing mechanism, the interest rate mechanism, and the wage mechanism.

3. Reform of the financial administration will play an important promotional and supporting role in respect of other economic structural reforms. Establishing a new socialist market economy system is a common task of all economic spheres and it is necessary to engage in reform of various economic systems, including enterprises, planning, investment, materials, commerce, foreign trade, banking, pricing, labor, and wages. All of these reforms are complementary to the reform of the financial administration and it is necessary for reform of the financial administration to be coordinated with and to promote these. For example, in carrying out enterprise reform, it is necessary to transform the operational mechanism of enterprises. This will require many coordinated financial reforms in terms of the enterprise distribution system, financial accounting system, fixed asset depreciation system, state-owned assets management system and taxation system. If these are not carried out, it will be difficult to see results in transforming the enterprise operational mechanism. Also, in the reform of the investment system, it is necessary to carry out reform by which the single-entry budget is changed to a double-entry budget. It is also necessary to establish a financial investment and financing system. Otherwise, it will be difficult to see results in the reform of the investment structure. In the reform of pricing, it is necessary to have coordination with reform of the financial subsidy system and the reform of wages. If this is not done, pricing reforms will be difficult to implement.

4. Reform of the financial administration will play an important role in the healthy development of a market economy. The market economy has the innate defects of spontaneity and blindness, and it often happens that imbalance of the industrial structure occurs through partiality of benefits. This leads to a waste of material, financial and labor resources, as well as phenomena such as unfair social distribution. It is then necessary for the state to overcome these problems through strengthening macroeconomic management and regulation. In this, macroeconomic management and regulation and control by the financial administration plays the most important role. For example, the financial reform of reducing investment in profitable enterprises and increasing investment in basic facilities and basic industries plays a role in coordinating the industrial structure. Through reform of the operational and ownership system aspects of state assets (that is, current state enterprises adopting operational forms such as sole funding, joint operations, limited liability companies, shareholding companies, enterprise groups and so on, and the modes of leasing or sales), through expanding tax system reforms such as

resources tax and value-added tax, through reform of strengthening the role of financial credit, and through reform of the wage system and the social security system, it will be possible to reduce the waste of material, financial, and human resources. Also, through improving the financial accounting system and carrying out reforms in terms of the personal income tax system and strengthening taxation management systems, these will be able to play a role in regulating and ensuring fair social distribution.

5. The reform of the financial administration will play a role in safeguarding the essential characteristics of the socialist market economy. Upholding public ownership of the means of production as the main aspect, upholding distribution according to work as the main element, and upholding the road to common prosperity, are essential characteristics which distinguish the socialist market economy from the capitalist market economy. The reform of the financial administration will, in this respect, play a role which other reforms will find difficult to play. In safeguarding the public ownership of the means of production as the main aspect, the state financial administration is the representative of the owner of state-owned assets, and reforming the system of management of state-owned assets in accordance with the principle of maintaining and increasing the value of assets will play this role. At the same time, reform of the state investment system, apart from playing a role in regulating the coordination of the industrial structure, will also play a role in consolidating and strengthening the socialist public ownership system. In addition, developing the collective economy through preferential financial policies and funds support policies will also play a role in upholding the role of the public ownership system as the major element. In terms of upholding the principles of distribution according to work and common prosperity, reform of a wage system which is tightly linked with financial distribution, the reform of the enterprise income tax system and personal income tax system, and reform of the social security system will all play important roles.

From the above analysis, we can see that in establishing a new socialist market economy system, the reform of the financial administration occupies a very important position. Only by actively promoting reform of the financial administration will we be able to accelerate the building of a new socialist market economy system.

3. Correctly Handling the Mutual Relationship Between Reform of the Financial Administration and Other Reforms and Accelerating the Building of a New Socialist Market Economy System

Financial administration is the most important element of the social reproduction distribution link. On the one hand it is determined by the production links and is also influenced by the circulation links, consumption links, and other distribution relationships in the distribution links. On the other hand it also affects production,

circulation, consumption, and other distribution relationships. This determines that reform of the financial administration will be mutually restrained by and mutually conditioned by reforms of other economic systems. The general situation of this relationship of mutual restraint and conditioning is as follows:

Many reforms in the financial administration sphere need to be coordinated with reforms in other aspects if they are to be smoothly implemented and if results are to be realized. For example, the 14th party congress decided on the reform of "separate streaming of taxes and profits" (in full "the system which requires payment of tax plus a percentage of profits to the state, payment of tax prior to credit repayment, and payment of tax prior to distribution of profits"). This is in accord with the principles generally required by a market economy, such as fair taxation burdens, self responsibility for profits and losses, and those who invest the capital obtain the profits and will play an important role in building a market economy system. However, if this reform does not include reforming the contract system which is the current operational mechanism of enterprises, does not include a reform by which repayment of credit prior to tax is changed to repayment of credit after tax, and does not include a reform by which the amount of profits to be handed up is decided on the basis of the volume of state-owned assets utilized, it will not be possible to carry forward the reform. Also, carrying out reforms by which the macroeconomic regulatory and control role of the financial administration is improved and perfected must be coordinated with reforms by which planning regulation and control and monetary regulation and control are improved and perfected so that division of work is clear, there is mutual coordination, and a combined strength is formed. It is also necessary, through reform of the industrial structure, to raise economic efficiency and engage in reform of the irrational distribution situations which exist at present, so as to strengthen the macroeconomic regulatory and control capabilities of the financial administration. This is because if we are to bring into play the macroeconomic regulatory and control role of the financial administration, it is necessary to have corresponding financial strength as a guarantee (for example when increasing investment in the building of non-profitmaking "bottleneck" industries). Without corresponding financial strength, it will be impossible to bring into play the macroeconomic regulatory and control role of financial administration.

In carrying out reform of the social security system, apart from doing well in the financial administration reforms themselves, it will also be necessary to carry out various reforms in terms of enterprises, insurance, civil administration, labor and personnel, and to establish a social security system in which the social security funds are jointly shouldered by the state, enterprises, and individuals. Only in this way will real results be seen. Without reforms in these many areas, it will be difficult to establish the social security system needed by the market economy. Also, the financial credit reforms will need to

be closely linked with bank credit reforms. For example, in developing state bond circulation markets, especially primary markets, it will be necessary to request the banks to carry out open market business reforms and to establish a standardized securities trading system. Otherwise, the financial credit reforms will find it difficult to accord with the demands of a market economy.

The situation in another respect is that many of the other economic reforms need to be coordinated, supported by and promoted by the reform of the financial administration. For example, in further deepening enterprise reform, it is necessary to carry out reform of the tax system, reform of the state assets management system, and reform of the financial accounting system. If not, then the enterprises will not be able to truly enter a market economy track of equal competition and of assumption of sole responsibility for profits and losses. Also, in respect to price reform, regardless of whether we speak of reform in raising the price of basic products or reform of the price management system, this needs to be coordinated with corresponding reforms of the systems of financial subsidies (such as price subsidies and enterprise loss subsidies), financial discounting, and budgetary management. If we just carry out price reforms and do not at the same time carry out reforms in these areas, it will be difficult to implement price reforms. Also, in carrying out reforms by which banks are being turned into enterprises, if the state financial administration does not correspondingly establish policy-nature investment funding systems, it will be difficult to truly implement reform to turn banks into enterprises. Further, in respect to wage reforms, if these are not coordinated with corresponding reforms in the budgetary management system, it will be difficult to implement them.

The situation in another respect is that some reforms in the financial sphere and many reforms in other economic spheres not only need to be closely coordinated with reforms of corresponding relationships in the financial administration, but also require support in terms of both budgetary income and expenditure. This results in financial income being reduced and expenditure increasing, which affects the progress of reform of the financial administration and other economic reforms. For example, in order to create conditions for equal competition by the various economic entities and to carry out reforms by which to implement unified enterprise income tax, it will be necessary to reduce the income tax rate for state-owned enterprises, which will result in a reduction in financial income. Also, in carrying out price reform, wage reform, and reform of the social security system, it will be necessary to increase corresponding budgetary expenditure. Otherwise, it will be difficult to implement these reforms. Reducing the income of and increasing expenditure by the financial administration will inevitably affect the various funds needs which have to be guaranteed by the financial administration, which will in turn mean that it will be difficult to support other reforms and thereby this will affect the overall progress of building a new socialist market economy system.

The above analysis shows that regardless of whether we speak of reform of the financial administration itself or reforms of other economic systems, neither can be carried out independently. They have to be carried out in a way which takes the whole situation into consideration, where all sides are coordinated, and where there is harmony and order. We must prevent and reduce the impediments produced by lack of coordination and mutual obstruction, and accelerate the pace of building a new socialist market economy system. In this, we must grasp the following:

In terms of the financial administration, it is necessary, in accordance with the requirements of building a new socialist market economy system, to actively carry out various reforms of the financial administration itself. Of these reforms, those which are urgently needed and for which the conditions are ripe must be resolutely and immediately implemented. Those reforms which do not involve wide spheres and do not require too many external conditions, or those reforms which are beneficial to transforming the financial administration operational mechanism but which are quite difficult should be actively implemented on an experimental basis. As to those reforms which require speedy implementation but which also need coordinated reforms in many spheres, on the basis of summing up the experiments during the previous stage and perfecting reform plans, the range of the experimental points should be gradually expanded and they should be implemented in an overall way. As to reforms which can only be implemented after the creation of many conditions, the conditions should be positively created and the reforms should be gradually implemented, first partially, and then in an overall way.

At the same time, in respect to the other various reforms which need to be coordinated with and promoted by reforms of the financial administration, financial administration should actively engage in coordination. While some of these reforms may temporarily reduce the income of financial administration or increase its expenditure, the reforms will be beneficial to building a new socialist market economy system and will eventually increase the income of financial administration. Financial administration should meet the difficulties, put great efforts into coordination, and ensure that those reforms which are beneficial to fully bringing into play the market mechanism and accelerating the building of a new socialist market economy system speedily see results.

Seen from the angle of the various other economic reforms, with respect to those which involve the financial administration or need coordination from the financial administration, they should proceed from the overall reform situation and ensure that there is coordination. It is necessary to overcome departmentalism and, in accordance with the demands of mutual consideration and mutual promotion, make plans for the various reforms in an overall way and then actively implement these reforms. As to those other reforms which require financial administration to adopt measures which will reduce

its income or increase expenditure by quite a large amount, it will be necessary to consider the capacity of the financial administration to bear such burdens and the actual difficulties, meticulously plan the reform programs, and implement the reforms step by step, so as to avoid having the financial difficulties becoming deeper.

In carrying out economic structural reform, many spheres need state financial strength as backup. At present, the state financial administration is in a difficult situation and this is a major factor restricting the economic structural reforms. If we want to speed the pace at which we build a new socialist market economy system, we must put efforts into overcoming the difficulties of the financial administration and achieve a basic turn for the better in the financial situation. On the one hand it is necessary, through speeding economic structural reform, to change structural factors which aggravate financial difficulties and restrict the improvement of the financial situation into structural factors which overcome financial difficulties and promote a change for the better in the financial situation. On the other hand, it is necessary to correctly control the speed of economic development, effectively readjust the economic structure, strive to raise economic benefits, and expand the sources of financial income. Also, it is necessary to gradually readjust the distribution of national income and overcome the irrational phenomenon whereby national income is slanted, resulting in a small number of persons and a small number of regions obtaining too much of this income. We must also strengthen taxation levying and management, strictly control expenditure, reduce financial deficits, gradually achieve a turn for the better in the financial situation, and strengthen the capacity to financially support the various reforms. Thereby, we will be able to ensure that the task of building a new socialist market economy structure is swiftly realized.

Teams 'To Curb' Illegal Textile Transshipments

HK1308033593 Beijing CHINA DAILY in English
13 Aug 93 p 1

[By staff reporter Wang Yong: "New Teams Sent To Curb Fake Textile Trade"]

[Text] The government has sent new inspection teams to regions that have been involved in illegal textile transshipments in a bid to further crackdown on violations.

The Ministry of Foreign Trade and Economic Cooperation (Moftec), the General Administration of Customs and the State Inspection Bureau of the Import and Export of Commodities have continued to send teams in joint efforts to Guangzhou, Shanghai, Shenzhen, Ningbo and Dalian, where such illegal activity has occurred.

Moftec officials said in Beijing yesterday in an interview with CHINA DAILY that the current inspection would focus on how well the cities have implemented the latest Regulation on Banning Illegal Transshipments of Textiles.

"We'll also pay special attention to certain enterprises suspected of involvement in the illegal activity," officials said.

"We believe the new round of inspection will help eliminate the illegal re-export of textiles," they added.

Illegal dealers have got around quota restriction on Chinese textile imports by falsifying the labels of countries of origin.

Trade Union Says Number of Workers Increases

OW1308142593 Beijing XINHUA in English 1352
GMT 13 Aug 93

[Text] Beijing, August 13 (XINHUA)—The All-China Federation of Trade Unions revealed at a forum here today that China had 200 million workers and staff members at the end of 1992, double that of 1978, when the country began to implement its nationwide economic reforms and opening-up.

A survey done by the federation between June and November last year also show that state-run enterprises and governmental institutions employ 62 percent of the total number, collectively-owned enterprises in cities and towns employ 21 percent, and the others are employed in township, village, private and foreign-funded enterprises.

Some 20.1 percent of the employees have college education or above, but workers with senior professional titles only account for 2.1 percent.

Communist Party membership among workers has increased from 21.1 percent in 1986 to 25 percent.

The survey also shows that the new generation of Chinese workers have a high sense of social responsibility, and are concerned about national and collective interests. They support the building of a socialist market economy, they want to involve themselves more in the management of enterprises and to have their legal interests protected. They also look forward to a solution to the disparity in individual income.

'Commentator's Article' on Agricultural Laws

OW1208141693 Beijing XINHUA Domestic Service in Chinese 2125 GMT 11 Aug 93

[XINHUA commentator's article: "Implement the 'Two Laws' on Agriculture Solidly"]

[Text] Beijing, 12 Aug (XINHUA)—Since the promulgation of the "Agriculture Law of the People's Republic of China" and the "Agricultural Technology Popularization Law of the People's Republic of China" more than a month ago, various localities have extensively publicized these two laws and adopted many specific measures to implement them. Some documents and methods which run counter to the stipulations of the "two laws" are being sorted out for correction.

However, some localities and departments still have not attached great importance to publicizing and implementing these two important laws. In some rural areas, the masses only know that there are "two laws" on agriculture and do not know their contents. It is worth paying attention to this situation.

The promulgation of the "two laws" on agriculture means that for the first time in history, our country now has an important law on agriculture of the nature of basic law, and an important law on popularizing agricultural technology with a view to promptly transferring science and technology into productive forces. The promulgation and implementation of the "two laws" provides effective legal means in strengthening the foundation position of agriculture, protecting the legitimate rights and interests of the peasants, and accelerating the transfer of agricultural technology into productive forces. Intensively and penetratingly publicizing and implementing the "two laws" on agriculture meets the needs of deepening reform in the rural areas, and also has a great significance in further promoting the development of the entire national economy.

In order to implement the "two laws" on agriculture in an all-around way, we should carry forward the fine tradition of our party in carrying out mass propaganda work. We should use all means and make great efforts to publicize the "two laws" in the same manner as we did when we publicized reform in rural areas. We should let every household know about the "two laws." We should lay stress on publicizing them in rural areas. Cadres at the grass-roots level and the broad masses of peasants should truly have a good grasp of the contents of, and know how to employ the "two laws" so as to develop the rural economy in a healthy manner; truly protect the legitimate rights and interests of the peasants; and promptly transfer agricultural science and technology into productive forces. In particular, the rural economy in the vast central and western regions is lagging behind other places, people in many rural areas are uninformed, and a good number of peasants are illiterate. Therefore, it is more difficult to implement the central authorities' policies in those areas. It is also precisely in those areas where the problem of the peasants' heavy burden and issuing of "IOU white slips" is quite serious. Peasants in those areas in particular need protection by the "two laws." We must make especially great efforts to publicize and implement the "two laws" in those areas.

The implementation of the "two laws" on agriculture in an all-around way requires concerted efforts by people in all trades and professions of society. Some new contradictions and problems in agriculture and the rural economy at present, such as the peasants' excessive burden, the issuance of "IOU white slips" in the procurement of agricultural and sideline products, the sale of fake and shoddy agricultural means of production, and the wanton change of contracts, are all related to different departments. In order to properly solve those

problems, various departments must work in close coordination. All concerned departments must make unremitting efforts and be persistent in invigorating agriculture through implementation of the "two laws."

In order to implement the "two laws" on agriculture in an all-around way, it is also necessary to strengthen inspection of and supervision over the execution of the laws. People hope that various localities and departments will take action in this respect, enhance the authority of the "two laws," and firmly establish the foundation position of agriculture in the "reinforced concrete" of the legal system.

Price Reform Saves 'Billions' in Grain Subsidies

HK1308035093 Beijing CHINA DAILY in English
13 Aug 93 p 3

[By staff reporter: "Billions Saved by Cut in Grain Subsidies"]

[Text] Billions of yuan have been saved in grain subsidies since the State monopoly on prices and distribution was lifted.

Bai Meiqing, Vice-Minister of Internal Trade, said State subsidies have fallen sharply along with the reform in grain distribution.

Last year, State subsidies for grain and edible oil sales were cut by 10.9 billion yuan (\$1.9 billion).

Bai said the reform of grain prices had reduced the State financial burden and enlivened the country's grain market.

Grain and edible oil had been rationed since the 1950s to guarantee supplies to urban and township residents.

For decades the State provided grain to urban residents at government-subsidised prices and paid a high price to farmers.

The subsidy cost the government billions of yuan a year and contributed to budget deficits.

But since the reform was introduced last year, prices of grain and edible oil in 95 percent of cities and counties in the country are now determined by market forces, officials said.

However, enterprises engaged in grain processing and marketing are still faced with serious difficulties such as a shortage of capital during the transition towards a market mechanism, Bai told a national meeting on grain.

He said many grain enterprises have also found it hard to adapt to the fierce market competition, resulting in a sharp decline in sales in many grain outlets.

The sales of State-owned grain outlets saw a sharp reduction of 29.8 billion yuan (about \$5.2 billion) in the first half of this year, compared with the same period last year, according to a Xinhua report.

To cope with these problems, Bai asked grain enterprises nationwide to take advantage of the current grain price reform and resort to flexible ways to boost grain marketing.

The vice-minister suggested that to invigorate grain distribution and management, the State could lease or contract out small-sized grain enterprises owned by the State to individuals, or practise a system with State ownership but managed by individuals.

A similar leasing practice has been successfully introduced into more than 50 percent of China's small State-owned commodity retail shops.

Bai said local grain departments should have enough money to purchase grain ordered by the State. Efforts should also be made to conduct grain deals under a negotiated price.

Grain departments should pay the protected price if the grain price in the market is lower than the protection price set by the State in the interests of farmers, he said.

Encouraging progress has been made in Guangdong Province which has pioneered the country's grain price reform since early last year, with grain producers, grain markets and consumers all satisfied, said a report in the Economic Reference Daily.

East Region

Agriculture, State Industry 'Weakest Links' in Fujian

HK1308061493 Beijing ZHONGGUO XINWEN SHE in Chinese 1219 GMT 29 Jul 93

[By Xu Dejin (1776 1795 6855)]

[Text] Fuzhou, 29 Jul (ZHONGGUO XINWEN SHE)— Retaining the flourishing development momentum of last year, Fujian showed a good trend of economic operation in the first half of this year. At present, the issue which has aroused people's general concern is: How will Fujian's "economic express" continue to run in the latter half of this year?

As indicated by statistics, Fujian Province's GDP in the first half of this year reached 34.3 billion yuan, registering an increase of 20 percent over the same period last year. This figure was higher than the average national growth rate of 13.9 percent. However, concrete analysis discovers that there was a wide gap among the GDP growth rates of agriculture, industry, and tertiary industry. The growth rate of agriculture was only six percent and that of tertiary industry was 12.7 percent, whereas industry registered a huge rise of 33.6 percent. And yet, even within the industrial sector, there was unbalanced growth among state-owned enterprises, collective enterprises, township and town enterprises, and foreign-invested enterprises: where the growth rate of township and town enterprises reached as high as 82.9 percent, that of state-owned enterprises only reached 10.1 percent.

Thus, such facts are present before the people: Agriculture and state-owned enterprises are the two weakest links in Fujian's "economic express," which is running at high speed.

The area of winter farmland was reduced by 2.2 million mu last year, whereas the area of spring farmland did not reach last year's level either. Governor Jia Qinglin said with a sigh that "this or that craze arises" in Fujian, "but it is difficult for agriculture to achieve real growth in a constant and steady manner." Experts estimate that even if the average yield per mu this year could surpass last year, Fujian would only get a bumper yield but not a bumper harvest because of the decrease in the planted area. Due to the existence of factors similar to those in other mainland provinces, the enthusiasm of Fujian peasants in grain production is still low. Hence, the Fujian authorities suggested that it was necessary to "try every possible means to bring about agricultural growth."

The situation where Fujian's state-owned enterprises run at a deficit has not been reversed. According to statistics, 289 state-owned enterprises are still running deficits. Although industrial output value was higher than in the same period last year, such factors as rising costs, severe defaults on loans, and a reduction in profits turned over to the higher

authorities are still present in enterprises, and these problems brook no neglect. Likewise, to guarantee the normal operation of the "economic express," Fujian must make strenuous efforts to ensure continuous, coordinated, and highly effective industrial development.

How do we ensure the high-speed and normal operation of the Fujian "economic express" while preventing the phenomenon of drastic decline? It is necessary to solve several of the most important problems.

First, it is necessary to ease constraints imposed by "bottlenecks" in transportation and energy supply. Fujian's economic development is much restrained by its backward infrastructure. In the first half of this year, the province invested up to 3 billion yuan in capital construction, which was an increase of 84.28 percent. Funds were mainly invested in transportation and energy projects. However, due to an insufficient supply of funds and raw materials, key projects could not be started.

Second, financial "blood" should swiftly return to the "body" for normal circulation. Due to a draining of funds, an abnormal expansion of investment, and vast numbers of illegal financial organizations, funds cannot be put into good use, and a shortfall in funds has weakened the financial system. Recent measures taken by Fujian Province include: Controlling the total amount of credit and cash investment, increased savings and deposits, tapping the potential of funds, speeding up capital turnover, curbing various unreasonable practices in raising funds, perfecting the issue and administration of securities, and rectifying the financial order and the granting of day-to-day loans within trades. It is thus hoped that the "blood" can circulate normally within the "body" and give impetus to the "economic express."

In addition, factors such as standardizing the real estate market, preventing market commodity prices from rising too quickly, guiding foreign investment, and ensuring the healthy development of foreign-invested enterprises, township and town enterprises, and private enterprises are essential to the normal running of Fujian's "economic express."

Jiangsu's Shen Daren Addresses Fact-Finding Group Meeting

OW1308120693 Nanjing XINHUA RIBAO in Chinese 1 Aug 93 p 1

[By Liu Weiban (3088 0251 6586) and Liu Shoutong (0491 1108 2717): "The Jiangsu Provincial Government Decides To Send Nine Fact-Finding Groups To Inspect Implementation of Measures for Tightening Macroeconomic Regulation and Control; Shen Daren and Chen Huanyou Make Important Speeches at Meeting"]

[Text] The Jiangsu provincial party committee and provincial government have decided to send nine fact-finding groups to relevant departments of provincial

organs and various parts of Jiangsu, to familiarize themselves with their economic situation and performance in carrying out the CPC Central Committee and State Council measures for tightening macroeconomic regulation and control. At a meeting called yesterday by the provincial party committee and provincial government for the group members, provincial party committee Secretary Shen Daren and Governor Chen Huanyou gave important speeches in which they set forth some requirements for the group members.

In view of the nation's current economic situation, the CPC Central Committee and State Council put forward a series of important measures for tightening macroeconomic regulation and control. Not long ago, the provincial party committee called an economic meeting and came up with plans for implementing the measures, and these plans are being implemented in various parts of the province. According to the provincial party committee and provincial government, the fact-finding groups have three main assignments: First, to fully familiarize themselves with the situation in various parts of the province and in relevant departments of provincial organs in implementing the central authorities' measures; second, to study the measures with local cadres and people so as to reach a consensus of views; and third, to study specific measures with local party committees and governments for resolving outstanding problems. The fact-finding tour is not only essential for accomplishing current assignments, but is also essential for improving leadership. The provincial party committee and provincial government urged all group members to study the CPC Central Committee and State Council directive in order to know what their assignments are, display the spirit of seeking truth from facts, and conduct thorough-going and meticulous investigation, making sure that higher authorities' requirements are known at the grass roots, and grass roots views are known by higher authorities. Importance should be attached to resolving outstanding economic problems, and maintaining social and political stability so that an environment favorable for implementing central authorities' measures can be created. The purpose of the fact-finding tour is to prompt all localities and departments to truly implement all measures for tightening macroeconomic regulation and control, deepen reform, restructure operating mechanisms, and resolve outstanding economic problems so that the province's economy can continue to develop quickly and soundly.

The fact-finding groups are headed by leading comrades of the provincial people's congress and provincial committee of the Chinese People's Political Consultative Conference. Group members include leading comrades of relevant departments and offices. The nine groups will soon set out for 11 cities in Jiangsu and relevant provincial departments.

Foreign Funds Seen as Playing Big Role in Jiangsu

OW1208141493 Beijing XINHUA in English 1235
GMT 12 Aug 93

[Text] Nanjing, August 12 (XINHUA)—Foreign funds are playing a bigger role in the economic development of Suzhou, a scenic city in East China's Jiangsu Province.

It is estimated that about one-third of the fixed assets of the city were created with foreign funds. Over the past seven months, the local authorities approved another 1,598 foreign-funded enterprises, which involved 2.44 billion U.S. dollars in contracted foreign investment.

At present foreign funds are mainly concentrated in the four state level development zones, namely, the Suzhou high- and new-tech development zone, the Kunshan economic and technological development zone, the Zhangjiagang bonded zone and the Taihu Lake tourist holiday area.

There are now more than 270 foreign funded enterprises in the four areas, involving 1.25 billion U.S. dollars in contracted foreign funds. In some joint ventures, foreign funds account for some 60 percent of the investment.

Suzhou now ranks fifth of the major cities in China in terms of gross annual product and third in terms of value of goods purchased for export. All the six counties under the city have established foreign trade companies and have import and export autonomy.

Over the past seven months, goods purchased for export are valued at more than 14.9 billion yuan, almost equaling last year's total, which was 15 billion yuan.

Exports are rising rapidly in line with the overall economy of the city. In the first half of this year, the city registered a 72 percent increase in its sales income of industrial products and a 56 percent increase in profits and taxes in comparison with the same period last year.

Meanwhile, large and medium-sized state-owned enterprises are speeding up utilization of foreign funds. So far 188 of the 241 state-owned large enterprises have established joint ventures with foreign corporations.

In addition, the city encourages foreign investment in infrastructure industries including energy, raw materials, ports, wharfs and airports.

In 1993, more than 100 enterprises in the city went abroad to set up enterprises there. By the end of July, the city had set up 237 enterprises overseas.

Economists here hold that the development of the export-oriented economy not only strengthens the link between the city and the international market but also improves its investment environment for overseas investors.

**Central Inspection Commission Official Tours
Jiangxi**

*HK1308103193 Nanchang Jiangxi People's Radio
Network in Mandarin 1100 GMT 10 Aug 93*

[Text] Under the current circumstances, party committees and governments at various levels as well as discipline inspection and supervisory organs must, from the perspective of ensuring the smooth progress of reform, opening up, and economic construction, try to obtain a profound understanding of the importance and urgency of making a good job of the anticorruption struggle, step up their work justly and forcefully, highlight focal points and make vigorous efforts in implementation, do whatever is said and seek practical results. This is the requirement put forward by Hou Zongbin, deputy secretary of the Central Discipline Inspection Commission, and standing committee member An Qiyuan when visiting the cadres in discipline inspection and supervisory organs in our province.

This morning, Comrade Hou Zongbin and Comrade An Qiyuan, in between their investigation errands in Jiangxi, visited cadres on the provincial discipline inspection committee and supervisory department as well as the relevant comrades in charge of discipline inspection and supervisory organs directly under the provincial authorities and in Nanchang City.

In light of the present situation of the anticorruption campaign, and what is objectively required by the development of a socialist market economy, Comrade Hou Zongbin made important remarks on making further achievements in combating corruption.

Comrade Hou Zongbin pointed out: In the historical process of building socialism with Chinese characteristics, doing two types of work simultaneously with equal attention is a strategic principle that we must hold on to. Most party members and cadres are soberly aware of this. To implement the principle of doing two types of work simultaneously and punishing corruption effectively, it is necessary to begin with leadership organs and leading cadres. Leading cadres at all levels should set an example of honesty and self-discipline. Today, the party and government organs at various levels have issued some documents and laid down some regulations on maintaining honest conduct. They may supplement and amend those documents in light of the new circumstances arising from the campaign for honest government conduct, but their attention should focus on implementation with vigorous efforts. Party and government leaders at various levels should do all that is required of party members and cadres first, perform their duties and responsibilities in building party and government conduct and combating corruption, avoid no conflicts, be bold enough to deal with violators of law and discipline, treat both the phenomenon and the cause, and carry out the anticorruption campaign in greater depth in a down-to-earth manner.

Comrade Hou Zongbin said: Combating corruption is a long-term mission. The guiding principle that we must stick to is adherence and long-term commitment. But a long-term mission should never be interpreted as something that needs not be done now, and long-term commitment in no way means that it does not need to be done until some time in the future. At a time when phenomena of corruption have a serious presence and are spreading, failure to combat corruption sternly or substantially is nothing short of failure to combat corruption at all or letting it take its own course. Only with vigorous efforts to accumulate achievements in different stages can we truly accomplish the arduous task of long-term anticorruption campaign. On this issue, a dozen speeches are not as good as one act. Authorities at all levels must concentrate their energies on some issues that the masses are most critical about within a certain time, keep a firm hold on the focal issues, and honor all promises. As long as the whole party is mobilized and momentum built up, we are bound to be able to make achievements stage by stage.

Comrade Hou Zongbin instructed that discipline inspection and supervisory organs fully understand the favorable conditions for deepening the anticorruption campaign; boost their confidence in making a good job of the campaign; establish in their work the image of seeking truth from facts, standing by principles, being upright, and daring to tackle tough problems; work up the strength of the punishment on corruption; concentrate energies on investigating and handling a batch of big and important cases; be bold in breaking personal connection networks and resist the tendency of interceding for people who are guilty when handling cases, so that interceding never works and whoever gives presents will be exposed; strengthen coordination and cooperation with other law-enforcing and supervisory departments to give play to the advantages of various quarters and improve the quality and efficiency of case-handling; pay special attention to party and government organ or leading cadre serious corruption problems where they seek personal gain through abuse of power and exchange power for money; pay special attention to practices against the law or discipline that seriously interfere with reform, opening up, and economic construction, and handle some outstanding ones publicly; conscientiously redress various unhealthy tendencies of trades and professions; and ensure a healthy operational order and a social environment of stability and unity for economic construction.

Comrade Hou Zongbin and Comrade An Qiyuan also held discussions with standing committee members of the provincial discipline inspection committee and listened to the report given by Ma Shichang, standing committee member of the provincial CPC committee and secretary of the provincial discipline inspection committee.

Shandong Sees Results in Rectifying Financial Order

HK1308062893 Beijing ZHONGGUO XINWEN SHE in English 1103 GMT 12 Aug 93

[Text] Jinan, August 12 (CNS)—According to a conference of bank managers held here recently, Shandong Province has made initial achievements in its rectification of financial order with a good about-turn appearing in this sector.

The province has already put an end to 16 prefectural-level short-term loan markets and has established the Shandong Capital-funding Centre which operates under a membership system headed by the provincial People's Bank. The centre is in charge of handling short-term loans business offered by trans-regional and trans-system banks as well as taking responsibility for the examination of unauthorized short-term loan business and the collecting back of illegally offered loans. By the end of last month, the money brought in by such practices had reached RMB [renminbi] 1 billion.

The province has now checked on the economic entities directly run by banks and has conducted an investigation of and dealt with 15 financial institutions set up without approval. At the same time, the province has with great efforts been trying to attract savings deposits which have clearly grown. According to statistics, such deposits last May and June increased by RMB 4.7 billion and in July by RMB 2.88 billion.

The province has also strengthened administration over bank loans in order to guarantee the realization of the goal set for state macro-regulation and control with RMB 1.4 billion being already funded for the support of agricultural production and the purchasing of foreign trade products.

Nation's Largest Container Company Set Up in Shanghai

OW1208203393 Beijing XINHUA in English 1525 GMT 12 Aug 93

[Text] Shanghai, August 12 (XINHUA)—Shanghai Container Terminals Ltd, China's largest joint venture linked with port construction, went into operation here today.

Involving a total investment of 5.6 billion yuan, the project will play an important role in turning Shanghai into a world-level container port.

The company, with registered capital of two billion yuan, was jointly funded by a container corporation under the Shanghai Port Authority and the Hong Kong-based Hutchison Whampoa Ltd.

It will undertake loading and unloading, storage and re-export. The company also plans to renovate or build ten more container berths in addition to the seven already in use.

In recent years container transportation in Shanghai port has sustained an average growth rate of 30 percent annually, said Liu Guilin, chairman of the new company.

Liu also said that in 1992 the port's handling capacity reached 730,000 containers and is expected to hit 850,000 containers this year. He predicted that by the turn of the century the figure would be two million annually.

Zhejiang Secretary Concerned Over Chlorine Leakage

OW1308060093 Hangzhou Zhejiang People's Radio Network in Mandarin 1000 GMT 12 Aug 93

[From the "Provincial News Hookup" program]

[Text] Liquid chlorine leaked from an electrochemical [dian hua] plant under the (Juhua) Group Company at 0955 [0155 GMT] on 11 August. Of the 192 workers and 15 fire fighters that inhaled the chlorine gas, five workers suffered from intermediate poisoning, five others from light poisoning, and the rest had various symptoms of gas irritation.

The leakage occurred at a liquid chlorine packaging unit in the plant's chloride workshop. Because of a malfunctioning pump, liquid chlorine leaked from a tank, and because of the gasification of the liquid chlorine, the temperature of the unit suddenly dropped to 20 degrees below zero.

Only after battling the leak six times did the shock force, which had been organized within the plant, succeed in closing the valve to stop the leak at 1555 the same day.

After the accident occurred, Quzhou's leaders and units from the security police, armed police, and the People's Liberation Army all came to support the fight. Provincial hospitals also immediately came to provide medical services with an ample supply of medicines, but certain medical tools had to be purchased immediately. Efforts were also made to monitor the plant's surrounding environment.

Upon being informed of the accident, Li Zemin, secretary of the Zhejiang provincial party committee, and Zhejiang Governor Wan Xueyuan immediately called to inquire about the situation and gave instructions on rescuing the victims. They also assigned Vice Governor (Zhang Timei) [name and title as heard] to head leaders of relevant provincial departments and bureaus to come to the scene to take charge. At present, five groups have been set up to take charge of rescuing and treating the injured, clearing the site of leaked material, taking care of workers' families and nearby residents, analyzing the accident, and resuming production. Members of these five groups have all started carrying out their assignments.

Meanwhile, group company cadres and workers are emotionally stable, production order is gradually returning to normal, and residents living nearby are safe and sound.

Zhejiang Governor Addresses Finance Meeting
OW1308092093 Hangzhou Zhejiang People's Radio Network in Mandarin 1000 GMT 12 Aug 93

[From the "Provincial News Hookup" program]

[Text] The Zhejiang provincial financial and taxation work meeting closed on 12 August. Governor Wan Xueyuan attended and addressed the meeting.

He said: Although it has been only a little over a month since this province began implementation of the central guidelines on strengthening macroeconomic control, both the financial order and taxation order, which were once in a chaos, have begun to improve toward normal orderliness. With the financial and taxation work basically restored to normality, the economic situation is also improving.

On Zhejiang's financial and taxation work in the next half of the year, Wan Xueyuan pointed out: The financial and taxation departments at all levels should regard the fulfillment of three pledges as their central task: Rectify the financial and taxation order, reduce deficits, and ensure a balance between provincial revenue and expenditure. It is necessary to step up the collection and management of taxes, and stop up the loophole of revenue loss. It is necessary to enforce financial discipline, strictly control and save expenditure, further improve the management of funds, and prevent fund losses. It is necessary to strengthen the contingent of financial and taxation cadres.

Wan Xueyuan emphasized: The financial and taxation departments at all levels should correctly handle the relationship between rectifying financial and taxation order, and accelerating economic development. We should continue to attach importance to the promotion of economic development. At present, we should particularly pay attention to building basic industries and infrastructure concerning agriculture, energy sources, and communications. We should take a further step to support the development of large and medium state-owned enterprises and accelerate the technological transformation of enterprises. We should make great efforts to promote new economic growth, and support the development of new- and high-tech industries, and tertiary industry, as well as the development of coastal islands and marine resources. We should continue to help poor regions achieve prosperity, develop the economy, and improve the people's living standards. We should also seize the good opportunity to promote the reform of financial and taxation management systems.

Central-South Region

New Guangdong Paper Said Well Received
HK1308105693 Hong Kong MING PAO in Chinese
29 Jul 93 p 8

[By special correspondent Lei Mi (7191 4717)]

[Text] SHICHANG JINGJI DAOBAO [Market Economy Report] bears a close resemblance in its name to SHIJIE JINGJI DAOBAO, which was banned four years ago. SHICHANG JINGJI DAOBAO has been initiated very recently in Guangzhou, with three trial issues, which have aroused extensive attention, already in circulation.

That is the second newspaper initiated by the mainland's system of restructuring the economy in the wake of Sichuan's GAIGE SHIBAO [Reform Times]. It was learned that Wu Jinglian, the most influential figure among the economists of the market economy school in China, who has been crowned with the title "Market Wu," felt duty-bound to become this newspaper's general adviser.

SHICHANG JINGJI DAOBAO is run by the Guangdong Provincial Commission for Restructuring the Economy. A number of journalists from Guangzhou's NANFANG ZHOUMO [Southern Weekend] and Beijing's JINGJI RIBAO [Economic Daily] participated in its design and editing. From the very beginning, it has won the all-out support of the Guangdong Provincial Party Committee and Government; Guangdong Governor Zhu Senlin personally wrote the title of the newspaper. In addition, it was extraordinarily smooth-sailing for the registration of SHICHANG JINGJI DAOBAO; it got the green light from the provincial press and publications administration in less than 40 days.

The three trial issues of SHICHANG JINGJI DAOBAO have carried articles and concepts of a number of famous economists, including Wu Jinglian, Yang Peixin, Xiao Zhuozi, and Yu Guangyuan, and analyzed the current economic situation and hot spot issues. It was learned that people who run the newspaper greatly appreciated the style of SHIJIE JINGJI DAOBAO, which had enjoyed literary excellence for quite some time; some journalists of the original SHIJIE JINGJI DAOBAO have already expressed their willingness to contribute articles to SHICHANG JINGJI DAOBAO.

It was learned that Li Tieying, minister of the State Commission for Restructuring the Economic System, during a recent inspection tour of Guangdong came across the trial issues of SHICHANG JINGJI DAOBAO, and expressed his fondness of both its title and contents. Li Tieying even hinted that he would place SHICHANG JINGJI DAOBAO directly under the State Commission; however, Yi Zhenqiu [2496 2182 3808], director of the Guangdong Commission for Restructuring the Economic system, beat about the bush, and just would not "give in." When Li Tieying returned to Beijing, he

promptly transferred and gathered several ace journalists from press circles, and planned to initiate a newspaper directly under the jurisdiction of the State Commission.

As soon as SHICHANG JINGJI DAOBAO made its debut, it aroused extensive attention. Guangdong's enterprise circles have been all the more sensitive. When news spread about the founding of SHICHANG JINGJI DAOBAO, 30-some enterprises were vying for making donations even before they saw any sample edition. It was learned that donations amounted to 3 million yuan, which showed Guangdong entrepreneurs' heartfelt support of the market economy.

Thus, SHICHANG JINGJI DAOBAO is well financed. The newspaper management promised high rewards for contribution of first-rate articles. Not long ago, the management sent letters of appointment to a dozen or so special correspondents in Beijing, in which it was explicitly put that "reward would be 100 yuan for per 1,000 characters," that is a rather high price in mainland press circles.

According to informed sources, the seasoning of SHICHANG JINGJI DAOBAO began last September. The sensational "Market Economy Forum" at that time "set fire" to dull economic theoretical circles; famous economists, including Wu Jinglian, Yu Guangyuan and Li Yining, loudly appealed that "it is time to develop the market economy," and the CPC 14th National Congress, which was convoked later, officially set up the basic framework of the market economy.

Under such circumstances, it occurred to Feng Bingzeng [7458 1629 2582], director of commentary department of Beijing's JINGJI RIBAO, who had been in charge of the "Market Economy Forum," that a newspaper, entitled SHICHANG JINGJI DAOBAO should be initiated; the idea coincided with that of Yi Zhenqiu, director of the Guangdong Commission for Restructuring the Economic System. However, because of fear lest there should be problems in North-and-South communications and differences in concepts, and there should be too many shackles on press circles in Beijing, it was finally decided that the matter would be under the charge of the Guangdong Commission, whereas JINGJI RIBAO would recruit the elite in Beijing's public opinion and theoretical circles to correspond with SHICHANG JINGJI DAOBAO from the north.

Yi Zhenqiu, director of the Guangdong Commission, was open minded, quick thinking, and a vigorous advocate of reform, especially reform of the property-rights system, and enjoyed a reputation of being the "daring vanguard" of its reform. On the front page of the initial issue of SHICHANG JINGJI DAOBAO, the banner headline read: "Yi Zhenqiu, Director of Guangdong Commission for Restructuring the Economic System, Sets Forth: Build the Foundation of the New Structure of the Market Economy—Create Independent Enterprise's

Property Right System." It was learned that this newspaper was scheduled to be officially presented to the readers in November.

Foreign, Domestic Investors Fund Haikou Zone

HK1208134693 *Haikou Hainan People's Radio Network in Mandarin* 2300 GMT 10 Aug 93

[Text] The Jintan Industrial Development Zone, a key project funded by a 400 million yuan loan from Haikou City Industrial and Commercial Bank, has now taken shape and become a hot spot for domestic and foreign investments. The investors come from over 10 countries, including the United States, Japan, and the Republic of Korea, as well as over 40 large and medium-sized cities in China. It has so far absorbed 102 industrial projects. The 25 enterprises which have gone into operation first, before they reached the stage of full-scale production, generated over 110 million yuan in industrial output value and earned \$4.11 million in foreign exchange through exportation in the first half of the year, up 1.1 times and 2.3 times over the same period last year, bringing in good profits.

Haikou Public Security Reportedly Punishes Policemen

HK1308121593 *Haikou Hainan People's Radio Network in Mandarin* 2300 GMT 10 Aug 93

[Text] Haikou City public security bureau pays special attention to the building of police contingent in the context of the special economic zone [SEZ] and exercises strict control over the conduct of police. This has enhanced the ability of the police officers and men to resist corruption and prevent misconduct and further purified the police contingent.

Since the beginning of this year, the Haikou City public security bureau, upholding the principle of doing two types of work simultaneously with equal attention, has made a point of not relaxing its efforts in improving the police contingent while making a good job of a stern crackdown on crime and safeguarding social stability of the SEZ. It has also set strict control over police conduct in accordance with law as the basic principle of contingent building. Following closely the reality of the police contingent and some outstanding problems, it has made consistent and unremitting efforts to rectify the discipline and conduct of the contingent.

The bureau party committee held many meetings to discuss the building of police contingent and instructed on the implementation of a series of specific measures for strengthening the building of police contingent. The bureau party committee took the lead to conduct criticism and self-criticism, enforce the law impartially, resist unhealthy tendencies, execute various rules and regulations, do what they expect police officers and men to do, lead a plain life but work hard with painstaking and down-to-earth efforts.

Haikou City public security bureau also adopted various measures to strengthen the education for officers and men in observing economic laws, resisting corruption, and preventing misconduct to counter the radiation, infiltration, and invasion of the varied decadent and backward ideologies from the society at large into the public security contingent. According to statistics, among all police officers and men in the city, 213 refused to accept gifts and bribes and 342 were commended by governments and public security organs at various levels.

Haikou City public security bureau has also taken active courses of action to ferret out and punish violations of law and discipline in the police contingent, sternly handled personnel who violated law or discipline, and removed or transferred those who were not suitable for public security work. Since the beginning of this year, 12 officers and men who violated law or discipline have been punished according to the party discipline or administrative discipline; 29 staff members who were found not suitable for public security work have been transferred out of the public security sector.

Torrential Rain Threatens Oil Production in Henan

HK1208040693 Zhengzhou Henan People's Radio Network in Mandarin 1030 GMT 10 Aug 93

[Text] Torrential rain since July has directly threatened crude oil production in the Zhongyuan Oil Field. In particular, an extraordinarily large rainstorm, lasting from the afternoon of 4 August to the afternoon of 5 August, flooded oil production areas. Over 100 mm of rain fell within 12 hours, and the rainfall in some oil producing areas reached 170 mm.

After the rain stopped, six oil producing plants in the Zhongyuan Oil Field, with a high sense of master's responsibility, took part in the drive to drain water-logged fields, striving to maintain steady production and prevent large fluctuations in oil production amid the disaster.

Southwest Region

Tibet Party, Government Conference Opens

OW1208131493 Lhasa Tibet Television Network in Mandarin 1200 GMT 10 Aug 93

[From the "Tibet News" program]

[Text] [Video opens with a long shot of a packed conference hall, showing two rows of people seated on the platform and several hundred people seated opposite the platform] A work conference of the Tibet Autonomous Regional CPC Committee and People's Government opened at the Tibetan People's Hall on the morning of 10 August. [video shows medium and close-up shots of regional leaders as their names are read by the announcer] Regional leaders Chen Kuiyuan, Raidi, Gyaincain Norbu, Basang, Danzim, Zi Cheng, Chen

Hanchang, Lieque, Puqung, (Cao Xu), and (Yang Feng) attended the conference. They were seated on the rostrum. Also attending the conference were leading party cadres in Lhasa and responsible comrades of various prefectures and cities. Responsible persons of (?autonomous) units at and above the county level observed today's session.

[Video shows closeup of Chen Kuiyuan speaking] Chen Kuiyuan, secretary of the regional party committee, chaired the session. He said: This conference is an important step to further implementing Comrade Deng Xiaoping's talks made during his tour of southern China and the guidelines of the 14th national party congress. Its central task is to further study measures to deepen reform and open our region wider to the outside world. It will analyze the region's political and economic situation in the first half of this year and make work arrangements for the second half.

[Video shows Gyaincain Norbu speaking, alternating with long and medium shots of other conference participants] Gyaincain Norbu, deputy secretary of the regional party committee and chairman of the regional government, gave an important speech at the conference. He first analyzed the region's economic situation. He said: During the first half of this year, party committees and governments at all levels in our region have earnestly implemented the basic line of one center and two basic points. Focusing on the general goal of establishing a socialist market economy, we have upheld the policy of reform and opening up and persistently taken economic construction as our central task. Thanks to the relentless efforts by people in all parts of the region, Tibet has made considerable achievements in reform, opening up, and economic construction and is able to continue to advance in the right direction. Our achievements are reflected in the following areas: Agriculture and animal husbandry have steadily developed, and all-round adjustment has been made of the agricultural structure. In animal husbandry, the region had more than 5 million newborn animals as of the end of June this year, representing a survival rate of 81.14 percent. This was achieved in spite of the natural calamities and as a result of our stepped-up efforts in improving animal breeds and breeding systems and in building bases for raising animals and protecting them against natural calamities. The total number of livestock was roughly the same as that during the same period of last year. Village and town enterprises have been developing at a rate rarely seen in recent years. Taking advantage of their respective strong points, various places have started a number of projects that require less input, yield greater economic results, and promise quick returns. As a result, village and town enterprises have been able to develop by leaps and bounds. Their number has now exceeded 9,000, some 100 of which were started in the first half of this year. Their revenues totaled 140 million yuan. Our industrial production has also maintained a fairly strong momentum. The commodity market has enjoyed brisk business. The situation on the industrial production

front in the first half of this year was better than that of last year. A total of 190 million yuan of output value was produced, an increase of 7.1 percent over the same period of last year. The pace in developing the market has notably accelerated, and business was quite brisk. The individual and private economic sectors have also developed rapidly. Foreign trade and tourism also maintained good development momentum. New progress was made in lateral economic association. The region's foreign trade volume totaled \$15 million, an increase of 20.7 percent over the same period of last year. The number of tourists rose 25.8 percent, generating more than \$2 million in foreign exchange earnings. The region also made good progress in attracting investment from abroad and cooperating with units in other parts of the country. It has approved 30 enterprises with investment from abroad and at home, with contracted domestic and foreign investment totaling more than 60 million yuan and \$9 million respectively. At the same time, the region also started a number of wholly-owned and joint ventures in the coastal and interior regions with good economic results.

Gyaincain Norbu also affirmed the achievements on the region's infrastructural construction, finance, tax, and banking fronts.

Speaking of the region's principal economic tasks and the measures to accomplish them, Gyaincain Norbu pointed out: Party committees and governments at all levels should analyze the situation and support economic work from a socialist market economic perspective. We must continue to emancipate our minds, open ourselves wider to the outside world, and seize the opportunities to accelerate development. In developing the economy, we must concentrate on deepening reform, transforming mechanisms, optimizing structures, and raising efficiency. We must earnestly marshal our energy, perform concrete work, and seek practical results to ensure sound economic development.

Gyaincain Norbu stressed: To fulfill or overfulfill this year's national economic targets and tasks, we must continue to do well in agriculture and animal husbandry—the foundation of the region's economy—further readjust production structures in the countryside, and by emphasizing crop cultivation and processing, improve economic efficiency in agriculture and animal husbandry in line with the goal of developing a type of farming that provides high yields of fine quality with maximum efficiency and in light of market needs. At the same time, we must continue to start and expand village and town enterprises as a way to develop the economy in rural and pastoral areas and raise living standards of peasants and herdsmen. All localities should proceed from the local conditions in developing farm and animal by-product processing, building material, and mining industries on a priority basis through the operation of township, village, family or joint household enterprises in light of the specific needs and circumstances.

Speaking of the region's economic restructuring, Gyaincain Norbu pointed out: We must continue to deepen enterprise reform, transform operating mechanism, and improve economic efficiency. We must continue to push forward the reform of investment, financial, and tax structures, and step up the reform of the grain circulation structure.

Gyaincain Norbu said: Opening China wider to the outside world is a major task put forward at the 14th national party congress, a task vital to the country's general interests. Tibet must break free from the shackles of a closed, conservative, outmoded mentality. We must open ourselves wider to the outside world and develop a new multilevel, multichannel, all-directional opening structure in which every member of society takes part. First, we must vigorously bring about investment from abroad and cooperate with units in other parts of the country. We must set up economic undertakings that have broad appeal to businesses at home and abroad. We must actively carry out inter-regional cooperation with other parts of the country on the basis of mutual benefit. Second, we must expand foreign trade, placing emphasis on increasing trade volumes and improving efficiency. We must foster economies of scale in foreign trade.

Gyaincain Norbu also put forward specific requirements concerning further efforts to deepen enterprise reform; strengthen finance, taxation, and banking management; enforce strict financial and economic discipline; strengthen macroeconomic regulation and control; strengthen leadership; improve work style; build a clean and honest government; and rectify unhealthy practices in various trades.

[Video shows Raidi speaking] Raidi, deputy secretary of the regional party committee, gave a report entitled: Further Recognize the Situation, Take Resolute Measures Against Separatist Forces, Safeguard Social Stability, and Ensure the Smooth Progress of Economic Construction, Reform, and Opening Up.

He said: In recent years, in line with the policy of grasping two links at the same time and with equal strength, and in cooperation with patriotic personages of all nationalities in various circles and with religious personages who cherish their religion and love the country, party committees and governments at all levels in the region have led and relied on party members, cadres, workers, and people of all nationalities across the region in taking a clear-cut stand and waging a resolute struggle against separatists inside and outside the region. Major victories have been achieved in the struggle against separatism. Today, our region's political and social situation is stable, and the people are free from anxiety.

Raidi stressed: We must take a clear-cut stand against separatism and take countermeasures against it [zhen feng xiang dui]. Party committees and governments at all levels must resolutely and forcefully attack [da ji] separatist forces, and enhance awareness of the protracted,

complex, and difficult nature of the struggle against separatism. The entire party and society must take this most seriously, earnestly strengthen the anti-separatist struggle and the work of stabilizing the situation, strengthen ideological-political and education work, unite all forces that can be united, mobilize all positive factors, and wage a resolute struggle against separatist forces with one heart and one mind. We must earnestly strengthen grass-roots party and government organizations, do a good job of mass work, strengthen external propaganda, further strengthen comprehensive measures to improve social order, bring into full play the role of political departments in enforcing dictatorship in the struggle against separatism and in stabilizing the situation. We must further strengthen supervision of monasteries and religious activities [jin yi bu jia qiang dui si miao he zong jiao huo dong de guan li] and earnestly strengthen leadership over the anti-separatist struggle and the work to stabilize the situation.

In conclusion, Raidi emphasized: In the struggle against separatism to safeguard unification of the motherland, we must arouse our fighting will, pluck up our spirits, and work hard with one heart and one mind. By earnestly implementing the party's basic line and upholding the policy of grasping two links at the same time and with equal strength, we will definitely be able to completely crush the attempts of separatists inside and outside the region, and win new victories in the struggle against separatism.

North Region

'Huge Fire' Engulfs Beijing Department Store

Li Qiyan Coordinates Efforts

OW1308161293 Beijing XINHUA in English 1553
GMT 12 Aug 93

[Text] Beijing, August 12 (XINHUA)—A huge fire ripped through Longfu Mansion, a major department store in the center of the Chinese capital, around 10:10 tonight.

The fire started in the northern business hall and spread soon to the southern part of the seven storey building. Heavy smoke gushed out the windows up to the seventh floor.

Sources on the spot said fire fighters are still making efforts to control the fire. Beijing Mayor Li Qiyan is also on the scene to coordinate the effort.

The cause of the fire is still unknown.

Fire Fighters Extinguish Fire

OW1308042193 Beijing XINHUA in English 0330
GMT 13 Aug 93

[Text] Beijing, August 13 (XINHUA)—A blaze which ripped through Longfu Mansion, a major department

store in the center of this capital, was put out at 5:00 (Beijing time) this morning, nearly seven hours after it started at 22:10 (Beijing time) on Thursday [12 August].

There were no deaths caused by the fire, but some fire fighters and policemen were slightly injured. The northern warehouse of the department store was totally gutted. The southern part of the seven-storey building was slightly damaged, but a part of the goods there were also blackened by smoke.

The department store is closed today. Investigations into the cause of the fire are continuing, and the losses are being totted up.

Starting in the northern business hall and spreading soon to the southern part of the building, the fire was brought under control at 2:00 (Beijing time) this morning thanks to the efforts of nearly 1,000 fire fighters and security and traffic policemen.

As one of the major modern department stores in Beijing, Longfu Mansion has a floor space of 40,000 square meters and business space of 20,000 square meters. Its sales volume reaches two million yuan every day.

Hebei Holds Meeting on Economic Situation

SK1308092193 Shijiazhuang HEBEI RIBAO in Chinese 10 Jul 93 p 1

[Excerpt] On 8 July, the provincial government held the fourth meeting on routine work. The meeting conscientiously analyzed the economic situation in the first half of this year and arranged for the second half of this year's economic work. The meeting stressed: We should resolutely implement the guidelines of the central authorities, develop a hard-won good situation, and concentrate our attention on developing deepened reform, changing mechanism, optimizing structure, and improving efficiency. Governor Ye Liansong spoke at the meeting.

The meeting maintained: In the first half of this year, the provincial economic situation was good, and the national economy maintained the trend of rapid growth. The gross national product of the province increased by 14.6 percent over the corresponding period last year, a record year since reform and opening up. Industrial production increased rapidly, and economic efficiency improved in a sustained manner. Afflicted by serious natural calamities, vast numbers of cadres and masses profoundly launched the campaign of combating drought to ensure spring sowing and summer harvesting, thus achieving relatively good results in spring sowing and summer harvesting. The development of township and town enterprises was accelerated. Investment in fixed assets owned by whole people increased relatively briskly. Sales on markets became brisk, and means of production markets enjoyed brisk sales and purchases. Price increases were relatively stable. Relatively large increases were achieved in the export-oriented economy.

While fully affirming achievements, we should also notice that there really were some contradictions and problems in economic life. Some of them were universal in the country and some were unique to Hebei Province. First, the financial situation was grim, and fund shortages were serious, thus sharpening discrepancies between supply and demand for funds needed by industrial and agricultural production, by procurement of goods for foreign trade, by construction of key projects, and by the subsidiary facilities of the three types of foreign-invested enterprises, and seriously affecting normal production and construction. Second, agriculture was seriously afflicted by natural calamities, which would adversely affect the income and purchasing power of peasants. Third, industrial growth was lower than the national average level, and the nonstate-owned sector of the economy developed slowly. Fourth, the general level of economic development lagged behind that of the advanced coastal provinces. Fifth, the structure of investment in fixed assets was not fully readjusted, and the low-level duplicated construction projects gained ground. Sixth, prices of means of production and daily consumer goods increased by a relatively large margin. These problems should be solved in line with the guidelines of the central authorities and with Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics, and should be solved by deepening reform, rapidly cultivating and perfecting the market system, and rapidly establishing and perfecting the system of macroeconomic regulation and control so that we can ensure sustained, rapid, and sound development of the national economy. [passage omitted]

Tianjin Lists 'Key Items' for Foreign Investment

HK1308062693 Beijing ZHONGGUO XINWEN SHE
in English 1320 GMT 12 Aug 93

[Text] Tianjin, August 12 (CNS)—According to the Tianjin municipal Commission of Foreign Trade and Economy, the city has started offering the first batch of 72 key items for investment by foreign businessmen with the amount of such investment put at over RMB 12 billion [renminbi].

Some ten items covering infrastructural facilities include the Cuijia Port Waterworks, an international passenger shipping terminal and transport project. There are 45 industrial items, 17 real estate and recreational business items including the Eastern Cultural Recreational Park, and international commercial company and development of whole blocks in the old city.

The province has put the introduction of foreign capital for the 72 items as one of its main tasks this year and 60 percent of them have already secured foreign investors.

Northeast Region

Jilin Holds Foreign Trade Work Conference

SK1308093893 Changchun JILIN RIBAO in Chinese
19 Jul 93 p 1

[Text] The provincial work conference on foreign trade and the independent management of import and export

by production enterprises ended on 17 July. The conference analyzed the current export situation for foreign trade and studied and formulated specific measures to accelerate the pace of exports. The conference urged that export enterprises of various categories across the province clearly understand the situation, overcome difficulties, try every possible means to expand the scale of export, and ensure that targets for creating foreign exchange through exports are reached.

Liu Xilin, vice governor of the provincial government, made a speech at the conference.

The conference reviewed export achievements of the provincial foreign trade department in the first half of this year and pointed out: In the first half of this year, the province eliminated various kinds of unfavorable factors and had the import and export volume reach \$990 million, an increase of 38.3 percent over the same period of last year. Of this, the export volume reached \$749 million, an increase of 9.9 percent over the same period of last year; and the import volume reached \$240 million, an increase of 184.4 percent over the same period of last year. However, according to the demands for creating \$1.6 billion foreign exchange in 1993, the export task of the provincial foreign trade front in the next half of the year is still arduous.

How shall we be able to fulfill this task? Vice Governor Liu Xilin urged that governments at various levels, departments concerned, and foreign trade enterprises at various levels further emancipate the mind, clearly understand the situation, and exert great efforts to grasp foreign export trade work. First, we should grasp the export of such staple commodities as corn. Railway departments should ensure good transportation service, and grain departments should ensure the supply of goods. From July to September, no localities are allowed to market corn at negotiated prices. Meanwhile, the foreign trade departments should work actively in cooperation with the departments concerned to rush to grasp the export and transportation of corn. Second, we should grasp the conclusion of transactions with foreign businessmen and upgrade the rate of honoring the contracts. Leaders and the specialized working personnel should undertake the whole responsibility for honoring the contracts signed within this year. We should firmly attend to the transportation of the commodities that should be exported according to contracts. Simultaneously, we should initiatively seek markets and try to sign new contracts. The enterprises with import and export rights but without foreign exchange earnings should adopt measures for creating foreign exchange. Their import and export rights will be canceled if they fail to create foreign exchange in the next two years. Third, we should use the border trade advantages to develop barter trade. We should also develop barter trade with the ROK, the Russian Federation, and Vietnam. So far, we need to solve two problems related to barter trade. One is the problem relating to transportation and delivery of goods through outlets. The other is

the shortage of commodities with export licenses. Foreign trade departments should readjust the goods exchange structure and develop other exchange commodities. Foreign trade departments can act as agencies to help the enterprises without import and export rights engage in barter trade. Fourth, we should speed up the change of managerial mechanisms. Although the province has made great achievements in foreign trade, the operational mechanisms and management forms of foreign trade enterprises are not flexible. The phenomena of everybody eating from the same big pot still characterizes foreign trade enterprises that practice egalitarianism and fail to fully mobilize the enthusiasm of the broad masses of staff members and workers. Enterprises should adopt effective measures to set up flexible managerial mechanisms, divide small accounting units, and carry out the contract system for foreign exchange, efficiency, and expenses. Those who work hard should gain more benefits. Handsome awards should be given to those with special contributions. Fifth, we should intensify enterprise management, reduce expenses, speed up the turnover of capital, and work arduously. Sixth, we should stress the necessity to grasp export and foreign exchange earnings with one hand and grasp the improvement of personnel quality with the other so as to comprehensively upgrade the quality of the foreign trade workers contingents.

Vice Governor Liu Xilin stressed: The work in the next half of the year is of urgent importance. Foreign trade departments should firmly and solidly attend to export work, fulfill the tasks defined at the beginning of the year, make concerted efforts, and try all possible means to fulfill the export and foreign exchange creating tasks.

Liaoning Appoints New Party Secretary of Anshan

SK1308070093 Shenyang LIAONING RIBAO in Chinese 20 Jul 93 p 1

[Text] The Liaoning Provincial Party Committee recently adopted a decision to appoint Cheng Xichang [4453 0823 2490] secretary of the Anshan city party committee. They dismissed him from his post of secretary of the Anshan Iron and Steel Company's party committee. Meanwhile, it also adopted a decision to dismiss Wang Julu from his post of secretary of the Anshan city party committee.

Liaoning Reports Semiannual Economic Developments

SK1208075293 Shenyang Liaoning People's Radio Network in Mandarin 1000 GMT 11 Aug 93

[Text] It has been learned by our reporter from the provincial forum on industrial and economic work held in Dalian that in the first half of this year the vast numbers of staff and workers in the province seized the opportunity to seek development by deepening reform and expanding the scale of opening up, thus maintaining a very good trend in industry's economy. First, the advantages of heavy industry were brought into play obviously. In the first half of this year, the provincial heavy industrial output value increased by 16.6 percent over the corresponding period last year, 2.4 percentage points higher than the average level of the province. Second, the nonstate-owned economy developed rapidly. The nonstate-owned economy accounted for 41 percent of the provincial economy as a whole. The output value realized by the urban collective economy increased by 32.1 percent over the corresponding period last year; that of township and town enterprises increased by 82.4 percent; and that of other economic categories, with the foreign-invested enterprises of the three types as the predominance, increased by 35.7 percent. Third, economic efficiency of enterprises improved obviously. By the end of June, the profit generated by the enterprises at or above the township level throughout the province which exercise independent accounting increased by 151 percent over the corresponding period last year. Meanwhile, except for Gaizhou, Fuxin, and Tieling cities, the other 11 cities in the province effected an increase in profits. The profit generated by the industrial enterprises covered by the provincial budget increased by 438 percent over the corresponding period last year. Fourth, the vitality of large and medium-sized enterprises was strengthened. A total of 602 enterprises in the province carried out the management form of [words indistinct], and the profit and tax generated by large and medium-sized state-owned enterprises increased by 12.9 percent over the corresponding period last year. Fifth, the technological progress of enterprises was strengthened. In the first half of this year, the province actually completed and put into production seven key projects. A total of [words indistinct] old enterprises were renovated with foreign funds, of which, 66.5 percent were large and medium-sized enterprises. The enterprises in province accomplished 2,450 scientific and technological development projects, of which, 150 attained the international level.

Commentary on Island's 'Leniency' on Hijackers

HK1308033793 *Beijing CHINA DAILY in English*
13 Aug 93 p 4

[“CHINA DAILY Commentary” from the “Opinion Page”: “Hijacking to Taiwan”]

[Text] An airliner from China's mainland was hijacked to Taiwan on Tuesday morning. This is the third such incident this year.

Just as in the previous two cases, the plane was promptly allowed to return to the mainland, but the hijacker, who surrendered to the Taiwan police, was made to stay.

Air piracy is a heinous crime which the whole world condemns. Hijackers should be punished according to law. Nobody questions that.

However, these criminals who hijacked planes to Taiwan have received special treatment from the local authorities—not the severe punishment required by international law. Calls from the mainland for returning the hijackers for trial according to law have been persistently ignored.

Such leniency towards criminals is, for all intents and purposes, tantamount to encouraging air piracy. Some reckless people may be encouraged by the examples set by the Taiwan authorities.

Air piracy unfairly risks the lives of innocent people aboard the plane. People still remember that in the October 2, 1990, hijacking case, 30 Taiwanese who returned to the mainland to be reunited with their families or to sightsee were killed. Any further connivance at acts of airborne terrorism on the part of the Taiwan authorities may cost people's lives dearly.

Reasonable attitude

China's crew members are under strict orders not to attempt to subdue hijackers for the safety of passengers. But this approach must not be allowed to afford loopholes for hijackers because of the unreasonable way hijackers are handled by Taiwan authorities.

It is hoped that the Taiwan authorities follow international norms in handling such cases and adopt a more reasonable and cooperative attitude by sending the hijackers back for trial and punishment. Such a change would be in the interest of both sides.

Columnist Calls Taiwan 'Paradise' for Hijackers

HK1308002093 *Hong Kong TA KUNG PAO in Chinese*
11 Aug 93 p 2

[“Political Talk” column by Shih Chun-yu [2457 0689 3768]; “Taiwan Will Eat Its Own Bitter Fruit for Coniving With Hijackers”]

[Text] Taiwan's Intention Is Known to All

At noon yesterday, a civil airplane from the Chinese mainland was hijacked to Taipei. On the afternoon of the same day, a hijacker was arrested by the Taiwan police and all 136 passengers and 15 crew members on the plane returned in the plane to Xiamen.

This is the third time since April this year that a civil airplane has been hijacked to Taiwan. In addition, a report from the hinterland discloses that on 23 July, a hijacker, disguised as a passenger and carrying gasoline and explosives, attempted to board an airplane in Nanjing but was discovered in good time. Similar criminals have also been found in other places and all of them tried to fly to Xiamen. Evidently, they attempt to hijack an airplane to Taiwan or somewhere close to Taiwan. The Taiwan authorities have verbally alleged that they oppose hijacking and said hijackers will be “dealt with according to law.” However, since the hijackers are not repatriated and the “hijackers are separated from the airplane,” such practice has directly encouraged and connived at the mentality of criminals on the mainland to run a risk to carry out their scheme. They regard Taiwan as the hijackers’ “paradise.” This has been brought about entirely by the Taiwan authorities.

The reason is very simple. The hijackers go to Taiwan under the pretext of “seeking freedom” but they are actually habitual criminal offenders, persons guilty of corruption, and desperadoes. After hijacking an airplane to Taiwan, as a rule, they wantonly vilify the administration on the mainland and thus become anticommunist “live propaganda material” for the Taiwan authorities. On each occasion, the Taiwan authorities have simply dealt with the hijackers superficially. “Their words seem to show their dissatisfaction but they are glad in their hearts.” This mental state of the Taiwan authorities is known to all.

“An Anticommunist Chivalrous Person” Degraded to Kidnapper

As a matter of fact, the Taiwan authorities will eat their own bitter fruit for conniving with hijackers. First, all Taiwan compatriots know that the hijackers are garbage and that their playing the part of “anticommunist chivalrous persons” is a mere shameless deception. The Taiwan compatriots have long been discontented with what the Taiwan authorities have done. These desperadoes, finding no shelter on the mainland because they have committed crimes, or attempting to make a reckless move to make a fortune, are at an impasse. Seeing that the Taiwan authorities do not repatriate hijackers, they commit the crime of hijacking.

Zhuo Changren, who hijacked an airplane to South Korea and was treated as an “anticommunist chivalrous person” and “politely welcomed” by the Taiwan authorities to Taiwan 10 years ago, led a fast life in Taiwan, indulged in visiting prostitutes and gambling, squandered away his money, finally committed the crime of kidnapping, and was sentenced to death. The Taiwan compatriots shuddered at the acts of Zhuo Changren and

his like and have long been criticizing the Taiwan authorities for conniving with the hijackers. Huang Shugang and Liu Baocai, who hijacked an airplane to Taiwan in April this year, were criminals carrying embezzled money with them. However, the Taiwan authorities went so far as to generously give them shelter and connive with them. Such a move indeed does not enjoy popular support. Nevertheless, the Taiwan authorities have repeatedly acted in this way. Such acts go against the law and reason.

Hijacking is the world's most despicable and shameless crime. To attain personal gain, hijackers gamble with the lives of hundreds of innocent passengers. Their ulterior motives should be exposed. International conventions against hijacking were concluded long ago. One of them is the Tokyo Convention concluded in 1963. Another is the Hague Convention concluded in 1970. The third is the Montreal Convention concluded in 1971. All of these stipulate that hijacking an aircraft is a serious crime. Hijackers should be severely punished and regarded as criminals to be extradited.

Conniving With Hijackers, Isolating Oneself

Today, many people from one side of the strait visit those on the other side, and economic, cultural, and art exchanges are in the ascendant. In particular, large numbers of Taiwan compatriots go to the mainland for sightseeing, visiting relatives, or making investments each year. The mainland, both the central authorities and local governments, and both government organizations and nongovernment organizations, give preferential treatment to the visitors and guarantee their freedom to come in or go out. Nor have the authorities on the mainland ever prevented compatriots on the mainland from going to Taiwan. On the contrary, the Taiwan authorities, under various pretexts, have restricted "establishment of direct transport, trade, and postal relations." The Taiwan authorities actually have no reason whatsoever to continue to connive with hijackers. In fact, one of the results of Taiwan authorities' conniving with hijacking, including the desperadoes, may be a tremendous loss of life of residents on the ground caused by the destruction of an airplane in the sky over Taiwan or troubles in society made by Zhuo Changren and his like who stay in Taiwan and commit crimes. By that time, it will be too late for the Taiwan authorities to repent.

Office in Jakarta on Mainland's APEC Stance
OW1308091093 Taipei CNA in English 0754 GMT
13 Aug 93

[Text] Jakarta, Aug. 13 (CNA)— The Taipei Economic and Trade Office announced here Thursday [12 August] that the Republic of China [ROC] on Taiwan is a sovereign state.

In a press release, the office noted that Beijing objected to Taiwan's attendance at United States President Bill Clinton's proposed Asia-Pacific Economic Cooperation (APEC) summit scheduled for nov. 17 in Seattle because it wanted other countries to believe that Taiwan is not a sovereign state.

"Nothing can be further from the truth," the announcement said. "The ROC on Taiwan, by every standard, is a fully self-governing and independent nation."

Despite Beijing's attempts to restrict Taiwan's international maneuvers and downgrade its stature, the ROC on Taiwan still enjoys formal diplomatic relations with 29 countries and has 89 consulates- general or representative offices in other countries, according to the press release.

The office pointed out in the statement that the APEC summit boycott of Taiwan is just one of numerous attempts by Beijing to suffocate Taiwan and force Taiwan to embrace Mainland China under conditions laid out by the Beijing regime.

"This will only invite resentment and indignation among the 21 million people on Taiwan and prolong the unification process," the statement said.

According to the statement, the Chinese communists control only mainland China. They cannot and should not represent the 21 million people on Taiwan.

"The members of the international community have no reason or obligation to be directed by the Beijing Government concerning the right of the ROC's participation in any international functions or organizations," the statement said.

The statement was issued after Indonesian Foreign Minister Ali Alatas said Indonesia would only participate in the APEC meeting if the issue of participation by Taiwan and Hong Kong is settled.

"I have said that there is still one obstacle to overcome if this APEC leadership meeting is to be held, that is the issues of inclusion of Taiwan and Hong Kong," Alatas said.

"As Beijing has said that Taiwan and Hong Kong are not sovereign states but parts of China, it would be better if they are not invited. But they could attend the APEC ministerial meeting. If the issues are settled, Indonesia will attend the informal meeting," he added.

He said Indonesia had always been consistent with its one-China policy. "If they invite leaders, we do not agree that they (Taiwan and Hong Kong) attend the meeting.

Firms With PRC Links Launch Investment Funds
OW1308091293 Taipei CNA in English 0743 GMT
13 Aug 93

[Text] Hong Kong, Aug. 12 (CNA)— Two major investment funds were launched here last week, both of them with powerful Mainland China partners.

China C & Y International Holdings, founded by Japan's Yaohan International Group and China Venturetech International (CVIC), a venture capital arm of the mainland's Ministry of Finance and State Science and Technology Commission, has already raised US\$50 million from institutional investors around the world, including Taiwan.

The fund will concentrate on retailing and distribution in coastal cities and special economic zones, according to Zheng Chunzhi of Daiwa Securities in Hong Kong.

The founders, which also include a Daiwa subsidiary and an Indonesian firm, have taken US\$22 million of the closed-end fund, Zheng said.

The fund hopes to take advantage of growing Japanese interest in the mainland's retail trade, he said, by using Yaohan's retail experience and CVIC's connections to draw Japanese firms into joint venture projects.

Also announced recently was the AIA Pearl River Delta Development Fund, jointly founded by U.S.-based insurer American International Group (AIG) and the Guangzhou Municipal Government.

It aims to raise US\$100 million over the next two months, with the money aimed at the manufacturing and services sectors in the Pearl River delta area, according to Liang Zuhe of AIG Investment Corporation (ASIA).

About US\$30 million worth of investments have already been lined up, including a bicycle and an electronics factory, Liang said. The fund will not invest in property, he added.

Having the Guangzhou government as a partner meant "access to quality deals" he said. "We won't have to run around searching for opportunities like other funds."

The funds continue a recent trend of foreign financial companies teaming up with powerful mainland partners, which has raised alarm among earlier-established China funds which have no such partner.

China Merchants Holdings, part of the mainland's Ministry of Communications, and the Ministry of Aerospace Industries have both formed US\$100 million funds with foreign firms in Hong Kong in the last few months.

The foreign managers and underwriters say that having a mainland partner is good for investors because investments can be made faster and the projects will be assured of government support.

"That's the drawback of the other funds," said AIG's Liang. "It's why they're not invested."

Britain's Kleinwort Benson and Crosby Asset Management, for example, have invested less than 10 percent of

the independent China funds they launched last year, worth US\$50 million and US\$27 million respectively.

Analysts say the new mainland-backed funds are designed to create greater investor confidence in the risky business of direct participation in unlisted mainland firms.

They also note that by inspiring immediate investor confidence, this method speeds up the payback for founding partners, who are looking to float the funds on stock exchanges.

Hong Kong

PRC Official Comments on Civil Service Policy

OW1308112493 Beijing XINHUA Domestic Service in Chinese 0230 GMT 13 Aug 93

[Text] Beijing, 13 Aug (XINHUA)—In response to reporters' questions, Zhang Junsheng, deputy director of the XINHUA NEWS AGENCY Hong Kong Branch, recently revealed facts that the British Hong Kong Government had never revealed to China—not to mention consulted with it—in advance on the important issue of transferring overseas contract civil servants to local employment terms. He pointed out: As of now, the British Hong Kong Government has not clarified the matter.

Zhang Junsheng said: Basically, issues relating to Hong Kong's transition should be discussed within the Sino-British Joint Liaison Group. According to reason, since the transfer of expatriate civil servants to local terms concerns the civil service ranks' stability and Hong Kong's smooth transition in the latter part of the transitional period, the British Hong Kong Government should have consulted the Chinese side in advance. Nevertheless, it has not done so. Some people in the Hong Kong Government claim to have "notified" the Chinese side. That is not true at all.

Zhang Junsheng explained with facts: On 27 July, the Hong Kong Government's Civil Servants Affairs Unit and officials from the XINHUA NEWS AGENCY Hong Kong Branch conducted internal work-related exchanges. Such activities have been carried out for quite some time. During the exchanges, certain officials from the British Hong Kong Government regularly brief us on the scope of their work, responsibilities, and relevant regulations so as to enhance mutual understanding. Many Hong Kong Government departments have given us such briefings in the past. This time, an official from the Hong Kong Government's Civil Servants Affairs Unit gave us a briefing, to which the XINHUA NEWS AGENCY Hong Kong Branch sent personnel from its Foreign Affairs Department and Research Office. During the briefing, the Hong Kong Government official, in explaining responsibilities for routine operations and regulations governing civil servants, mentioned the possibility of modifying employment regulations concerning expatriate civil servants. At this point, the deputy director of the Foreign Affairs Department of the XINHUA NEWS AGENCY Hong Kong Branch reminded the other side that it was quite an important matter which must be handled with extreme caution by consulting the Chinese side in advance and by extensively soliciting the opinions of all parties concerned. However, the Hong Kong Government did not listen to our views and published the relevant regulations the next day. How can this be termed "notification?"

Zhang Junsheng said: Diplomatic notification must be delivered through formal channels. The Civil Servants Affairs Unit has absolutely no authority to deliver any notification to us on behalf of the British Hong Kong

Government. As Hong Kong's formal channel for delivering notification, the political adviser to the British Hong Kong Government should notify the Foreign Affairs Department of the XINHUA NEWS AGENCY Hong Kong branch. Moreover, issues relating to Hong Kong's transition should also be discussed within the Sino-British Joint Liaison Group; these are the only proper channels.

Zhang Junsheng explained: Since the Hong Kong Government's regulations allowing expatriate civil servants to transfer to local employment terms were promulgated, people from various sectors in Hong Kong, especially civil servants, have expressed many opinions. We have also stated that the Hong Kong Government did not inform us—not to mention consult with us—in advance. The Hong Kong Government's claim that we were notified in advance is utterly wrong. Later, we demanded the Hong Kong Government clarify this point publicly. However, up until now, the Hong Kong Government has not made any clarification.

Zhang Junsheng reiterated: This matter must be handled with caution. We still hope the British Hong Kong Government will canvass the opinions of all parties concerned before referring the matter to the Sino-British Joint Liaison Group for discussion.

XINHUA Deputy Director on 'Smooth Return' Principles

HK1308032093 Beijing XINHUA Hong Kong Service in Chinese 0838 GMT 8 Aug 93

[Text] Hong Kong, 8 Aug (XINHUA)—Zheng Guoxiong, deputy director of the XINHUA News Agency Hong Kong Branch, said a few days ago at a public occasion that he hopes Hong Kong compatriots will carry forward their fine tradition, show greater concern, and participate in various affairs concerning Hong Kong's later transitional period.

In an address to the first session of a preparatory committee set up by circles in Hong Kong's Wanchai district to celebrate the 44th anniversary of the PRC, Zheng Guoxiong said that 1 July 1997 is less than four years from now and that a smooth return of Hong Kong to China and a stable transition is of great concern to people of all nationalities in China.

Zheng Guoxiong said that Sino-British cooperation is doubtless an important factor for a smooth transition in Hong Kong. China has consistently valued and safeguarded Sino-British cooperation and has opted to solve differences through negotiations between China and the UK. China is sincere about the talks and hopes to reach agreement with the UK on the 1994-95 electoral arrangements on the basis of the "three conformities." Zheng Guoxiong said that, as recently pointed out by Chinese leaders, no matter what happens, the Chinese Government will conduct affairs in accordance with the Sino-British Joint Declaration to achieve a stable transition and a smooth changeover of political power in Hong Kong in 1997.

On the current problems with Hong Kong civil servants, Zheng Guoxiong said that a stable government work force has a bearing on a stable transition for Hong Kong. The British Hong Kong Government did not officially consult with China on its new policy of hiring contracted expatriate civil servants on local terms. He pointed out that the British Hong Kong authorities should have consulted China on this problem through official channels.

The preparatory committee for celebrating the 44th anniversary of the PRC set up by circles in Wanchai district is comprised of industrial and commercial, financial, trade, cultural and educational, tourist, press and publication, and labor bodies, noted figures from various circles, National People's Congress deputies, and members of the Chinese People's Political Consultative Conference.

Visiting Taiwan Official on 'Unified China'
HK1208140593 Hong Kong MING PAO in Chinese
1 Aug 93 p 24

[Text] Chang Hsiao-yen [4545 1321 0917], chairman of the Overseas Chinese Affairs Committee of the Taiwan Executive Yuan stressed in Hong Kong yesterday: The Taiwan Government has always upheld the principle of a unified China and opposed a national split and Taiwan independence. He hoped to clarify the misunderstanding among some people abroad that the Taiwan authorities are conniving at Taiwan independence.

Chang Hsiao-yen, 51, is son of the late Taiwan President Chiang Ching-kuo. He and his wife arrived in Hong Kong last Thursday (29 August). After a three-day visit to Hong Kong and Macao, they returned to Taiwan yesterday afternoon. Chang Hsiao-yen is the most senior Taiwan official ever to visiting Hong Kong. He attended a symposium sponsored by a Taiwan institution stationed in Hong Kong to meet more than 100 people from the cultural and academic communities, journalists, and representatives of industrial and commercial organizations.

At the symposium, Chang Hsiao-yen said: People abroad have an inadequate understanding of Taiwan, and some maintain that the Taiwan Government is conniving at Taiwan independence. This is a very big misunderstanding. He pointed out: Taiwan's current administrative principle is that the policy of opposition to a national split and Taiwan independence implemented during the Chiang Ching-kuo years remains unchanged.

On cross-strait relations, Chang Hsiao-yen stated: The Taiwan authorities have not set a timetable in their pursuit of a unified China and persist in promoting the reunification of China with the principle of peace, rationality, reciprocity, and mutual benefit. However, he said: Taiwan will definitely not accept the "one country, two systems" principle.

Chang Hsiao-yen appealed to CPC authorities not to exclude Taiwan from the realm of its activities in the international community. He went on to say: The international community should pay attention to Taiwan's wish to join the United Nations.

Moreover, he pointed out: The CPC has never abandoned its argument of using force against Taiwan. Taiwan buys fighter planes from foreign countries only for self-defense purposes.

When asked at the symposium of what attitude Taiwan will adopt if chaos erupts after the CPC elder statesman Deng Xiaoping dies, Chang Hsiao-yen said in reply: Taiwan is not willing to see chaos and a tense situation on the mainland, because a stable mainland is in the interest of the Chinese.

He went on to say: Taiwan attaches importance to its relations with Hong Kong and hopes for better relations. Taiwan hopes that Hong Kong will maintain its economic prosperity and social stability and will not change after 1997. This is conducive to all sides. He pointed out: Political democracy in Hong Kong is a very important guarantee for Hong Kong. Taiwan is also very concerned about the development of democracy in Hong Kong, but on no account will it interfere in the latter's internal affairs.

Chang Hsiao-yen said: The Taiwan authorities will not change their Overseas Chinese affairs policy. Nevertheless, the policy must conform to present circumstances. He said: Currently, the Overseas Chinese Affairs Committee has done publicity work inadequately, and, therefore, it will strengthen publicity work overseas and promote cultural and academic exchanges between Taiwan and Hong Kong.

Chang Hsiao-yen revealed that the Taiwan authorities were making preparations for the setting up of an Overseas Chinese university. He said: In the last few years, the number of overseas Chinese students going to Taiwan dropped mainly because living costs in Taiwan were high. He stressed: The Taiwan authorities still welcome Overseas Chinese students to go to study in Taiwan and encourage them to return to the places where they reside to make contributions there.

Moreover, Chang Hsiao-yen said that during his trip to Hong Kong, he learned about the reaction to the closure of HONG KONG TIMES. He would report the related issue to the Taiwan authorities so that a remedial solution can be found to fill in the gap in publicity work caused by the closure of the newspaper.

According to the original plan, Chang Hsiao-yen would visit Hong Kong for four days. The night before last, he visited Macao; yesterday morning returned to Hong Kong to rush to attend the symposium; and, yesterday afternoon, he rushed to Taipei. According to the Chung-ying Tung-hsun She [Central News Agency], he left Hong Kong ahead of schedule so as to rush to Taipei to attend an important evening party.





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